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Daily Report

East Asia

FBIS-EAS-94-237
Friday
9 December 1994

Daily Report
East Asia

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Japan

Tokyo 'Watchful' Over U.S. Stand on Financial Talks

OW0912010894 Tokyo ASAHI SHIMBUN in Japanese 8 Dec 94 Morning Edition p 12

[FBIS Translated Text] Regarding the resignation of the U.S. treasury secretary, the Finance Ministry believes that "there will be no major change in the U.S. Government's macroeconomic policy and strategy for negotiations with Japan" (according to the International Finance Bureau) because Treasury Secretary-nominee Rubin held an important post in the Clinton administration. However, because Mr. Rubin is said to be eager to open Japan's financial markets, the Finance Ministry is taking a watchful stand concerning the moves of the U.S. Government, which the ministry thinks may adopt a hard-line stand in negotiations on the financial services sector under the Japanese-U.S. economic framework talks, which resumed 7 December.

'Major' Progress Made in U.S. Plate Glass Talks

OW0912052594 Tokyo NHK General Television Network in Japanese 0308 GMT 9 Dec 94

[Announcer-read report; from the "NHK News" program]

[FBIS Translated Text] On 8 December, both Japan and the United States presented new proposals for a compromise at negotiations held on the sheet glass sector under the Japanese-U.S. framework trade talks, and it seems most likely that a final accord will be reached within one or two days.

During consultations on the sheet glass sector, the two nations last October reached an accord in principle and decided on reaching a final accord within one month. However, the two sides oppose each other on such issues as the formulation of concrete criteria for measuring Japan's imports, as well as the application of such criteria.

As the consultations opened in Washington on 6 December, the United States compromised on how these criteria should be applied. The United States has demanded that in measuring imports by Japanese companies of foreign-made plate glass, statistics should be kept separately for imports from foreign glass manufacturers and for imports from Japanese-affiliated glass manufacturers in foreign countries. Final consultations are now in progress on not adopting the method of compiling separate statistics.

According to those connected with the consultations, major progress has been made at the talks. For example, the two sides have presented new proposals for compromise on issues connected with the formulation of other criteria. In this connection, there is now a greater possibility that a final accord will be reached within one or two days at the negotiations on the plate glass sector.

Framework Negotiations Called 'Minor' Talks

952A0075A Tokyo AERA in Japanese 17 Oct 94 pp 78-79

[Article by Economic Department editorial staff writer Atsushi Yamada: "Ambiguous Conclusion of U.S.-Japan Framework Talks: Only Harvest Was Debate on Automobile Inspection"]

[FBIS Translated Text] The U.S.-Japan framework talks on which over one year was spent have concluded for the present. But if asked what will change because of this, one would have to wonder. Can we not say that excellent minds from Japan and the United States performed grandiose wasted work?

They were talks in which, for all the uproar that was raised, it is hard to understand what was settled. After much quarreling, the U.S.-Japan framework talks started by reaching agreement on such fields as insurance and government procurement, but one can say that they were commonplace talks that will have almost no influence on reducing Japan's surplus or on the livelihood of the Japanese people.

Two days after the framework talks saw the first agreement, the U.S. Embassy sent a letter to all news companies. "The United States has never opposed regulations for the purpose of protecting the Japanese people, nor has it any intention of opposing them in the future. However, the use of safe, high-quality, and comparatively inexpensive foreign-made parts should not be obstructed by automobile-safety regulations. By expanding the use of foreign-made parts, it will probably be possible to reduce the high cost currently borne by Japanese consumers who buy auto parts."

It was written that this was a comment by Ambassador to Japan Mondale. At the end were attached data which show how expensive Japanese auto parts are in comparison. "When one changes shock absorbers in Japan it costs $600, but in the United States one can get along with $250. A muffler is $240 in Japan, and $100 in the United States; a generator is $250 in the United States and $600 in Japan." That is, Japanese consumers are being forced to buy expensive things because of regulations which exist under the pretext of safety.

The talks reached agreement on the fields of plate glass and insurance and government procurement of communications equipment and medical equipment, but broke down over autos and auto parts.

As Though Automobile Inspections Were the Biggest Point at Issue

"The United States came demanding that we abolish the automobile-inspection system, but in order to protect safety, we could not comply with that demand." Ryutaro Hashimoto, minister of international trade and industry, said this in Washington after the talks ended. He spoke as though automobile inspections were the biggest point at issue.

The comment of the U.S. Ambassador to Japan was a rebuttal of that. It said: the United States is not saying abolish the automobile inspection system; it is only saying to relax regulations which for all practical purposes are shutting out foreign products.

The negotiations on autos and auto parts were specified by the notorious "Article 301 of the U.S. Trade Law" to be the act of an unfair trading country, so they were studied to see whether sanctions should be imposed. It was not welcomed by Japan, but the ironic thing was that in talks which had no harvest, the only debate that had meaning for Japanese consumers was the "automobile-inspection dispute."

The U.S. assertion goes like this. In Japan, parts involved in an automobile's basic functions of running, turning, and stopping, that is, such things as brakes, transmissions, engines, and steering wheels, are specified to be "important safety parts." Those who can repair or replace these are limited to "certified garages" which the country has authorized. Therefore, only certified garages can perform periodic inspections or automobile inspections.

Most of the certified garages are incorporated into dealer keiretsu, and use "genuine parts" of each maker. The price for the genuine parts is high. Although U.S.-made parts are cheap and their performance is good, they are being excluded by this arrangement which Japanese automakers control. U.S. parts ought to sell more if it becomes possible for users and small garages in town to repair and replace parts freely.

The Ministry of Transport was wary that, if it pursued this request, abolition of automobile inspections would become an issue at some point.

Worrying About the Time It Takes To Lay the Groundwork

Automobiles are now high-tech products. Quality has risen rapidly. Despite this, safety standards remain as before. The reason things have not been improved in the least, though it has been pointed out that cars are inspected without their users being present, is that there are people who will not part with vested interests. Car inspection has become a "profitable system" for makers and for those in the repair industry. The United States attacked this point.

"I think we cannot deal with this because it will take time to coordinate with industry circles." One of the persons related to negotiations on the Japanese side muttered this when the United States brought up "abolition of important safety parts" in the final phase of the negotiations. There is also a MITI bureaucrat who revealed: "The minister (International Trade and Industry Minister Hashimoto) appears to have contacted Transport Minister Shizuka Kamei, but it may not be in time."

What the bureaucrats worried about is the time required to "lay the groundwork." Persuading the Ministry of Transport, which is the supervising agency, then the industry, and what is more troublesome than anything else, politicians, in other words, zoku Diet members. The certified garages, of which there are 80,000, have organized the Japan Auto Repair Political League [nihon jidosha seibi seiji renmei] and contributed political funds. Officials who possess administrative authority, dealers who are protected by the system and politicians who cultivate favorable voting constituencies by acting on behalf of industry interests. There are many people who earn their daily bread by this setup. If you lay your hand on it, their livelihood will be threatened.

U.S.-Japan economic talks began with seeking to improve the Japan-U.S. trade imbalance. The U.S. claim was that behind Japan's huge surplus exist irrational setups that are difficult for foreign manufactured goods to enter, and that if you improve them, competitive foreign manufactured goods will enter the Japanese market.

Foreign Pressure That Is Welcome to Consumers

It is a troublesome matter to Japanese producers who compete with foreign products, but an increase in foreign products is welcomed by consumers. Although the national per capita income is in the top world class because of the strong yen, one can get no real sense of affluence. Opinion which points out closed Japanese markets as one cause of this is also strong among economists. The existence of the "domestic-foreign price difference" has also begun to be considered a manifestation of Japan's markets being closed.

It does not mean that U.S. claims are all correct, but foreign pressure is welcomed by Japanese consumers because it is effective in persuading persons who cling to "systems that are profitable for them alone." It became possible to drink foreign beer fairly cheaply just by having slightly relaxed the liquor-sale licenses that are controlled by the Ministry of Finance. There were also similar cases with beef, cigarettes, orange juice, and telephone receivers.

Unfortunately, "constructive foreign pressure" cannot be seen in the current talks except for car inspections. In the negotiations on plate glass, an issue was made of the oligopolistic setup of the Japanese market, and it was attacked, saying that domination of the market by three major corporations is excluding foreign products. In the end, the government promised to actively introduce foreign-made plate glass in public construction.

But U.S. pressure was the sales-campaign negotiation of: anyhow, buy U.S. products. Behind those in charge of the talks were Guardian Corp., a major U.S. company that aims at the Japanese market, and it constantly frequented the Office of the U.S. Trade Representative during the course of the talks.

In the talks on autos and auto parts also, the active one was Monroe, a manufacturer of quick-disconnect shock absorbers. What stood out in the U.S. demands this time was the demand that the Japanese side designate a target amount for purchases and the government guarantee it. It was called "numerical targets" and "objective criteria." It is a method that the United States had found effective in the agreement on semiconductors. There is the precedent that just by expressing the goal of "yielding 20 percent of the Japanese market to foreign-made products," it became an international public commitment, and was achieved by the Ministry of International Trade and Industry "guiding" industry circles.

U.S. Company Business Negotiations Conducted by the Government

Behind it is a view of Japan which says: Japan is different. If you make a request to the government, it will do anything for you. What lies behind that is resignation that "one cannot enter easily and gently into the Japanese market, in which government and private sector are united."

There is a strong impression that in the current talks business negotiations of U.S. companies were conducted by government negotiation. It is an effective method for foreign companies, but foreign pressure no longer operates as a power that changes distorted domestic structures.

Self-checking of systems and relaxation of regulations are not things to be done because one is told by foreign countries. It should be grappled with independently. But the government does not set its hand to it unless there is foreign pressure. Take deregulation of gasoline, for example. It is an ultra-closed market, so consumers are forced to buy expensive gasoline. But the United States does not utter a word of criticism because it is a profitable arrangement to the major U.S. oil companies.

Though called the U.S.-Japan framework talks, the agreement this time is no more than minor business talks between Japan and the United States having arrived at agreement. It is the general general view that they will be successful if imports from the United States increase by $1 billion. A figure like a speck of dust compared with the trade imbalance of $60 billion.

Further on Bentsen Resignation, U.S. Policy

OW0912000694 Tokyo YOMIURI SHIMBUN in Japanese 8 Dec 94 Morning Edition p 7

[By correspondent Masakazu Nosaka]

[FBIS Translated Text] Washington, 7 Dec—On 6 December, Lloyd Bentsen expressed his intention to resign as treasury secretary, and Robert Rubin, assistant to President Clinton, has been tentatively named to succeed him as treasury secretary, thereby opening the possibility that a large number of cabinet members in charge of economic affairs will be reshuffled. Agriculture Secretary Mike Espy is set to resign in late December to take responsibility for a financial scandal. Rumors abound that U.S. Trade Representative Mickey Kantor will assume the chairmanship of a presidential reelection committee and that Commerce Secretary Ronald Brown will be transferred to another cabinet post. Domestic issues such as tax cuts and health insurance reform, which the Clinton administration failed to resolve this year, are at the top of the agenda of a new Congress that will be led by the Republican Party. Any reshuffle of cabinet members in charge of economic affairs amid a growing confrontation between the administration and Congress is likely to accelerate "inward-oriented" policies, thereby decreasing the weight of the United States' policy toward Japan.

The Japanese-U.S. economic framework talks have been marked by occasional deadlocks, and it is difficult to forecast whether the talks will be deadlocked again or not in the future. The U.S. Administration and Congress may step up their pressure on Japan after encountering gridlock over domestic policies, and the possibility of this scenario—which is the worst possible one for Japan—being realized has yet to disappear.

Forex Market 'Calm'

OW0812125294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Dec 94 Morning Edition p 21

[FBIS Translated Text] An official working in the foreign exchange [Forex] market responded calmly to the departure of U.S. Treasury Secretary Bentsen, who has stirred up Japanese foreign exchange markets with his repeated statement that the United States would tolerate a strong yen and weak dollar; the foreign exchange markets have made no reaction to Bentsen's resignation. Robert Rubin, an assistant to President Clinton, who will succeed Bentsen as treasury secretary, is a big wheel on the American stock market and the general assessment of him here in Japan is that he has a full understanding of financial markets. Nonetheless, some are voicing their doubts about his political ability.

The foreign exchange markets have made no reaction to Bentsen's resignation because the United States' political intentions to push up the value of the yen against the dollar have abated since Japan and the United States struck a partial deal at the Japan-U.S. economic framework talks. Rubin served as a co-president of Goldman Sachs, an American securities firm, and the foreign exchange markets in Japan feel at ease with him, saying he is aware well of financial markets.

Commenting on Rubin's stance on economic policy, Goldman Sachs says: "Rubin will attach importance to reducing the federal budget deficit and support the monetary policy of the Federal Reserve Board (FRB). He hopes to keep the dollar stable and pursue a moderate trade policy." In this way, it is said he will pursue almost the same policy as Bentsen has. Compared with Bentsen, his political clout, including his ability to lobby U.S. Congress, remains unknown. Therefore, speculation has begun that "if the American public's distrust of the administration's policy ability grows, this will result in the selling of the dollar again."

U.S. Decision Not To Issue A-Bomb Stamp Welcomed

OW0912024294 Tokyo KYODO in English 0213 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—Japan on Friday [9 December] welcomed the U.S. Postal Service decision to drop a plan to issue a stamp depicting the mushroom cloud of the atomic bomb dropped over Hiroshima in World War II.

"The Japanese Government naturally welcomes the U.S. Postal Service's decision," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

"We respect the strong feelings of our people about the atomic-bomb stamp and their plan to change the design of the stamp," the top government spokesman said.

Last week's announcement of the proposed atomic-bomb stamp—part of a 10-stamp set commemorating the allies' victory in the war—provoked anger in Japan and a formal objection from the Japanese Government.

Bearing the caption, "Atomic bombs hasten the war's end, August 1945," the stamp shows a mushroom cloud of an atomic blast.

Shortly before Japan surrendered on Aug. 15, 1945, the United States dropped an atomic bomb on Hiroshima on Aug. 6 and on Nagasaki on Aug. 9, taking the lives of an estimated 210,000 people.

The set of 10 stamps, including the mushroom cloud stamp, was to be put on sale next year to commemorate the 50th anniversary of the end of World War II.

"As the next year marks the 50th anniversary of the end of the war, we must strive to further beef up relations between Japan and the United States and deepen mutual understanding," Igarashi said.

Foreign Minister Yohei Kono also welcomed the decision.

Kono gave high marks at a press conference to the U.S. decision, saying the decision is based on the intention of President Bill Clinton and that the White House took into account the importance of bilateral relations between Japan and the United States.

Kono said he reported at the regular cabinet meeting the latest development, and that other cabinet ministers welcomed the decision, he said.

The foreign minister declined to comment, however, on a remark by White House press secretary Dee Dee Myers that the U.S. Government views the atomic bombs as hastening the end of the war.

"I don't intend to make an official statement from the Japanese Government now regarding views held by some people in the United States," he said.

Hiroshima Mayor Comments

OW0912101994 Tokyo KYODO in English 1001 GMT 9 Dec 94

[FBIS Transcribed Text] Hiroshima, Dec. 9 KYODO—Hiroshima Mayor Takashi Hiraoka on Friday [9 December] welcomed the U.S. Postal Service's decision to drop a plan to issue a stamp depicting the mushroom cloud of the atomic bombs dropped on Hiroshima and Nagasaki in World War II.

"I feel that the United States resolved the matter with common sense and fully took into account the feelings among Japanese citizens," Hiraoka told a news conference at Hiroshima City Hall.

Hiraoka added that the stamp "rubbed the Japanese people the wrong way" and said that debate over the issue "revealed the difference in feelings toward the past between the two nations."

Hiraoka reiterated the "deep seriousness" with which Japanese take the experience of the atomic bombings and said that "both peoples must continually express their views on the subject in as many ways and forms as possible."

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In a separate comment, Nagasaki Mayor Hitoshi Motoshima on Friday said that the use of the mushroom cloud stamp despite the fact that hundreds of thousands of civilians were killed and injured by the bomb would be "unforgivable."

Motoshima also said in a written statement that the united states exhibited "understanding" of the feelings of the citizens in the bombed areas and expressed his appreciation toward the U.S. Government for their "quick response and thoughtful consideration" on the matter.

Murayama's U.S. Trip To Minimize Tensions

OW0912100094 Tokyo KYODO in English 0937 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—Prime Minister Tomiichi Murayama's proposed trip to the United States in January is important for minimizing possible tensions that might arise between the two countries as the 50th anniversary of the end of World War II approaches next year, the Japanese envoy to the U.S. said Friday [9 December].

Japanese Ambassador to Washington Takakazu Kuriyama underlined the importance of Murayama's January visit during a joint interview with KYODO NEWS SERVICE and other news organizations.

Kuriyama said it is possible that things which could have a negative impact on bilateral ties might occur next year as a result of various debates concerning the 50th anniversary of the end of the war.

The recent row over a U.S. plan to issue a commemorative stamp on its atomic bombings of Japan is one such example, he said.

To minimize such negative effect on the ties, Kuriyama said, it is important for the Japanese and U.S. leaders to meet and hold talks at the earliest time next year to reconfirm the importance of, and give direction to, the bilateral relations as well as confirm bilateral cooperation toward the 21st century.

Also on the possible agenda for talks between Murayama and President Bill Clinton are the Asia-Pacific Economic Cooperation (APEC) forum, which Japan will host next year, and bilateral cooperation in tackling global problems such as population growth and environment, the envoy said.

Touching on the results of the U.S. midterm elections in November, Kuriyama said the relationship between Japan and the U.S. will not change despite the setback for Clinton, because the importance of the bilateral ties is recognized by both the Republicans and Democrats.

The U.S. stance against Tokyo on the trade front is also unlikely to be affected greatly by the new Republican-led Congress, because both the Democrats and Republicans view Japan's huge surplus as unfavorable, he said.

Kuriyama predicted that the next focus of bilateral trade "framework" talks following accords in some areas in September will be Japan's deregulation.

The Japanese envoy to Washington also said the ball is in the U.S. court concerning the auto and auto parts sector of the framework talks because the Japanese side presented its views on the problem to the U.S. side in Jakarta.

MOF 'Negative' About TMD Project Participation

OW0912065494 Tokyo ASAHI SHIMBUN in Japanese 8 Dec 94 Morning Edition p 11

[FBIS Translated Text] The Defense Agency [DA] has made a budget request for Y20 million to pay the costs for study work connected with the TMD [Theater Missile Defense] Project. Since an accord was reached with the United States on conducting a joint study in September 1993, the DA intends to obtain this funding by all means. However, the Ministry of Finance [MOF] Finance Ministry takes a negative stance because if Japan should decide on participation, it might have to share huge costs in the future.

The DA's Bureau of Defense Policy maintains: "No decisions whatsoever have been made on participation in the TMD project. Costs for study work include expenditures for sending a mission to the United States to study whether to join in the project or not." Nevertheless, a sense of crisis prevails in that should Japan fail to join, in one way or another, in projects connected with the development of sophisticated military technology, then Japan would be left behind.

Official Warns Against Economic Regionalism

OW0912024094 Tokyo KYODO in English 0153 GMT 9 Dec 94

[FBIS Transcribed Text] Geneva, Dec. 8 KYODO—Minoru Endo, Japan's ambassador to Geneva, warned against what he described as prevailing regionalism [words indistinct] the North American Free Trade Agreement (NAFTA), at a general meeting of the General Agreement on Tariffs and Trade (GATT) Thursday [8 December].

In a speech, the ambassador in charge of international organizations [words indistinct] about prevailing regionalism.

He also expressed expectations of the World Trade Organization (WTO) implementing an effective dispute-settlement mechanism, saying such a function needs to work smoothly to exclude one-sided measures.

Later in the day, Japan, the United States, the European Union and Canada held a working-level meeting to iron out differences on the quadrilateral trade ministers meeting and the summit meeting of Group of Seven (G-7) industrialized nations next year.

Government Tax Panel Set To Draft FY95 Report

OW0912122094 Tokyo KYODO in English 1024 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—A government tax panel on Friday [9 December] mapped out the general directions for its report on fiscal 1995 tax revisions which are expected to focus on special tax treatments.

The tax commission, an advisory panel to the prime minister, sorted out opinions given during a round of discussions in preparation for compiling a draft report by the next session on Tuesday, panel chairman Kan Kato told reporters.

The panel will examine the draft report at the Tuesday meeting to prepare its final report, he said. It is expected to be issued next Thursday in line with a report to be released by a tax reform project team of the three ruling coalition parties.

The government panel report is expected to call for termination and streamlining of special tax treatments with the fiscal 1995 revision as members' opinions are largely tilted toward such measures.

But housing-related tax breaks are unlikely to be included for fiscal 1995 revision as Kato said that still-divided opinions mean a need for further discussions.

On assets taxes and other areas that came under discussion, Kato indicated that the panel is to leave for "medium-term" discussions.

Land-value and securities transaction taxes have been the major discussion items for asset taxes, with business leaders and related lawmakers of the ruling parties pressing for review.

But Kato said the panel is ready to accept partial easing of the land-value tax as long as the objective of the tax is maintained, apparently endorsing such a move by the ruling party tax panel.

The report will likely recommend further discussions on corporate tax and a taxpayer numbering system as panel opinions concentrate on the need for a "medium-term" approach.

On the tax reform package enacted in November to continue income tax cuts and raise the consumption tax, the panel will emphasize "unified" legislation of the two measures, Kato said.

But it will strongly remind the government of its promise of administrative and fiscal reforms.

Reports on Issues Related to 'Shinshinto'

Murayama, LDP Comment

OW0812144094 Tokyo KYODO in English 1425 GMT 8 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO—Prime Minister Tomiichi Murayama wished newly elected Shinshinto (New Frontier Party) leader Toshiki Kaifu good luck Thursday [8 December] but his coalition partners attacked the Shinshinto leadership as a repeat of a failed leadership three years ago.

The strongest attack came from the Liberal Democratic Party (LDP) from which both Kaifu and Ichiro Ozawa, secretary general of Shinshinto, bolted for one reason or another.

An overwhelming majority of LDP lawmakers shared the view that Shinseito, the driving force behind the new opposition party Shinshinto, faces a potential rupture.

LDP Secretary General Yoshiro Mori said the Kaifu-Ozawa team is nothing new and represents "the LDP's old characteristics," which both Kaifu and Ozawa claim to abhor.

He also said Ozawa and Yuichi Ichikawa, secretary general of the Soka Gakkai-backed Komeito, are pulling the strings as power brokers within the new opposition party to be launched Saturday.

One sign of a rift within Shinseito was that 52 votes were cast for Shinseito leader Tsutomu Hata, who, like Kaifu, is a former prime minister. Ozawa was a co-founder of Shinseito.

Kaifu, aided by Ozawa, overpowered Hata and Takashi Yonezawa, chairman of the Democratic Socialist Party, by collecting 131 votes out of 214 votes cast in the three-way race.

"There is a possibility that anti-Ozawa members of Shinseito will quit Shinshinto," said a senior LDP official.

Wataru Kubo, secretary general of the Social Democratic Party (SDP) [Social Democratic Party of Japan - SDPJ], said the Kaifu-Ozawa partnership is just like the LDP leadership of three years ago when Kaifu was prime minister and Ozawa LDP secretary general.

"It is giving the impression to the people that there are now two LDPs," Kubo said, adding the new Shinshinto leadership runs counter to the public's expectations of political realignment.

Kaifu Vows Reform Efforts

OW0812142094 Tokyo KYODO in English 1415 GMT 8 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 8 KYODO—Former Prime Minister Toshiki Kaifu said after his election as the first leader of a new opposition party Thursday [8 December] he would try to pursue various national reforms with an eye to grabbing the reins of government in the immediate future.

"This is a time when there are many changes and Japan's social, economic and political structures must also be revamped," Kaifu told a news conference after being elected chief of Shinshinto (New Frontier Party), which is set to be launched Saturday.

He pointedly proclaimed the need to complete political reform, a drive he himself initiated after becoming prime minister in 1989 at the head of a Liberal Democratic Party (LDP) government in order to weed out the corruption pervasive in politics.

"Shinshinto is taking off at a crucial time," Kaifu said.

Kaifu, 63, won the three-way race for the head of Shinshinto, the result of a merger of all major noncommunist forces, beating Former Prime Minister Tsutomu Hata and Social Democratic Party Chairman Takashi Yonezawa.

Ichiro Ozawa, the master architect and strategist of the planned new party, was chosen as secretary general, second in command. He was the only candidate for the powerful post.

Ozawa, 52, told the same news conference he will do his utmost to get Shinshinto rolling with the support of all other members of the party.

Asked how he would go about wresting power from the tripartite coalition government of Prime Minister Tomiichi Murayama, Kaifu replied the new opposition party will strive to present policies that can win wide public support.

"We will try our best to present specific policies, win public support and eventually get as many Diet seats as possible in coming elections," he said. Kaifu also hinted he will ask Hata and Yonezawa to assist him as deputy leaders of Shinshinto.

Kaifu Urges Early Election

OW0912135494 Tokyo KYODO in English 1327 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—Toshiki Kaifu, elected as the first head of the grand opposition party Shinshinto (New Frontier Party) set to be formally inaugurated Saturday [10 December] said Friday he will urge Prime Minister Tomiichi Murayama to dissolve the Diet and call a general election as early as possible.

Kaifu, a 63-year-old former prime minister, told reporters that Shinshinto will be prepared for such an early general election.

"The present government has not undergone the baptism of election," Kaifu said. "It must be judged by people at the earliest opportunity."

Shinshinto, which will include 216 non-communist opposition House of Representatives and House of Councillors members, will pit itself against the ruling three-party coalition of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake.

Kaifu said another ex-premier, Tsutomu Hata, who has been the head of Shinseito, Democratic Socialist Party (DSP) Chairman Takashi Yonezawa, and Komeishinto Chairman Koshiro Ishida will be vice heads of the new party.

Komeishinto Secretary General Yuichi Ichikawa will be nominated as the new party's chairman of policy affairs, and DSP Secretary General Kansei Nakano as the chairman of the policy board, he said.

Kaifu said he also asked another ex-premier, Morihiro Hosokawa, to serve as a vice-head but Hosokawa turned down the request due to a wish to take a "free" stand.

Shinseito, the DSP and Hosokawa's Japan New Party formally disbanded Friday to merge into Shinshinto.

Kaifu and Ichiro Ozawa, elected as Shinshinto's secretary general in Thursday's election, have worked together on choosing the key personnel.

Kaifu pledged to try his best to solidify the new party's unity, saying "I will aim at a politics involving all (the party) members."

Kaifu sought cooperation from Hata in particular to smoothly manage the new party.

In Thursday's election to pick a new party head, Kaifu beat both Hata and Yonezawa by collecting 131 out of 214 valid votes cast. By comparison, Hata secured 52 votes and Yonezawa 31.

Their appointments will be officially endorsed at a preparatory meeting to be held shortly before the new party's inaugurating convention in Yokohama on Saturday.

From Jan. 9, 1995, Shinshinto, which will be Japan's largest party, will start considering the establishment of a shadow cabinet and deciding personnel for executive committees, opposition sources said.

More than 4,000 people will attend the inaugural party convention to be held at an international conference hall in Yokohama.

Kaifu, Ozawa Hold News Conference

OW0912063394 Tokyo NHK General Television Network in Japanese 1230 GMT 8 Dec 94

[Joint news conference by Toshiki Kaifu and Ichiro Ozawa, respectively newly elected president and secretary general of the New Frontier Party (NFP), with domestic correspondents in Tokyo—live]

[FBIS Translated Text] [Unidentified Dean of Press Corps] The dean of the opposition parties' press corps will ask a couple of questions first. After that, other reporters' questions will follow. My first question is to Mr. Kaifu. In reference to the outcome of the election today, I must say that the outcome indicated a win by a larger margin than expected. Will you tell us how you feel about the outcome of the election?

[Kaifu] If we refer to the analysis provided in your reports up until yesterday, the outcome may be described in the manner you indicated. But I myself have no particular feelings about it. I simply feel grateful to those who have been supportive of me. At the same time, I know my responsibility is heavy.

[Dean of Press Corps] So you will perform the duties of party president hereafter. Could you tell us about your aspirations?

[Kaifu] At home and abroad, it is a time of great change. The time has arrived for Japanese society, economy, and politics to undergo major changes. Where the question of political reform is concerned, a framework has been created, but now we have to put soul into it. It is now time that all of us get together to advance toward completing our political reform efforts. The NFP is setting sail at this important point in time.

[Dean of Press Corps] The next question is for Mr. Ozawa. First, what do you have to say about the outcome of the election for the party presidency?

[Ozawa] This was the outcome of ballots cast by people of their own free will. These people are Diet members who have been empowered to do so by the public. It should not be necessary to talk about the democratic principle. It is only natural that the outcome should be accepted solemnly by all.

[Dean of Press Corps] It can be said that the election campaign for the party presidency was formidable, with Mr. Kaifu and Mr. Hata, president of your party Shinseito [Japan Renewal Party], competing. What do you think about the situation of the old Shinseito having split into two groups?

[Ozawa] The NFP will come into being formally on 10 December, but in fact all of the old parties have already ceased to exist. In other words, only one—the NFP—exists. The outcome of the election is simply the revelation of the thinking of the Diet members who make up the NFP.

[Dean of Press Corps] Let us say that the people of all the groups in the NFP have expressed their views through the election. But Mr. Ozawa, as a person and as a politician, how do you intend to get along with Mr. Hata in the future? Our understanding is that you two have been good allies so far. Will that sort of relationship continue in the future?

[Ozawa] I do not think there will be any change in that.

[Dean of Press Corps] About the fact that Mr. Kaifu has assumed leadership of the party, there is criticism from other parties charging that it is a second Liberal Democratic Party. Do you have any counterargument to make against such criticism?

[Ozawa] I have no counterargument in particular. As I have said just now, Mr. Kaifu was elected as president and I as secretary general according to the free will of the Diet members. Some might recall that we worked together before, but that cannot be any reason to debate and question the outcome of the election. All I can say is that we should do all we can for the party and for the public in order to respond to the expectations shown to us by the Diet members in the election.

[Dean of Press Corps] That will be the last question from the dean of the [opposition parties'] press corps. This question is for Mr. Ozawa. If any particular policy concerning personnel matters exists, will you tell us about it?

[Ozawa] Personnel matters are under the domain of the party president. Hence, these matters will be handled by the party president—using his judgment and deliberation—or pursuant to policy set by the party president. Of course, if he asks for my views in the course of his decisionmaking, I will give my views. Nevertheless, these are still basically matters to be decided on by the party president.

[Dean of Press Corps] Then, Mr. Kaifu, if you have any particular policy toward dealing with personnel matters, will you tell us about it?

[Kaifu] I think you should have directed that question to me first. Our existing rules dictate that the party president should make decisions on personnel matters in consultation with the general secretary. The party inauguration preparation committee will make pertinent decisions relating to personnel matters within given rules as far as the matters regarding the party convention on 10 December are concerned. As for the matters that will come up thereafter, the party president—in consultation with the secretary general—will make decisions regarding major personnel matters.

[Dean of Press Corps] I am finished with my questions.

[Unidentified reporter] This question is addressed both to the party president and the secretary general. How do you intend to treat Takashi Yonezawa, head of the Democratic Socialist Party, and Tstutomu Hata, head of Shinseito, who competed in the election for party president today, in the new party?

[Kaifu] Both Mr. Hata and Mr. Yonezawa came to congratulate me immediately after the outcome of the voting was announced following the election, and told me that they will support me in all matters and under all circumstances, and asked me to do my best in leading the party. I told them that their support is very important and that I would like to cooperate with them on my part.

At this stage, I cannot say specifically about how to treat them in the party, since I am not the party president yet in fact. But I would like to have a little time to think about the matter. I hope they will be able to accept what I offer to them.

[Unidentified reporter] I would like to ask Mr. Ozawa. About four years ago, as the secretary general of LDP, you supported Mr. Kaifu [as LDP president]. You are doing the same thing this time. Compared to the LDP era, do you think it will be harder or easier to sustain Mr. Kaifu?

[Ozawa] Well, since the same man is serving as Shinshinto president, as during his tenure as LDP president, I think it will be the same. However, I think that, as compared to the time when we were president and secretary general of the LDP, since Shinshinto is attempting to assemble as many people as possible to create a new kind of party for the first time in the history of the government under the present constitution, in that sense, both the party president and I will be facing situations which will be much more difficult than during the LDP period. Therefore, I intend to assist the president as much as possible, and exert utmost efforts to perform my duties, so that everyone can work happily together.

[Unidentified reporter] Excuse me, but I would like to ask Mr. Ozawa another question. At the general meeting, when you ascended the stage, you spoke with Mr. Hata. What did you say? And how did he reply?

[Ozawa] I said, let us talk at leisure one of these days. He answered, oh yes, let us do that. That was the conversation.

[Unidentified reporter] A question for Mr. Ozawa. You have just said that you will speak with Mr. Hata one of these days. Yesterday, Mr. Hata told us that he was trying to get in touch with you but could not reach you. So, you did not talk to Mr. Hata at all yesterday?

[Ozawa] Well, that may be the way you look at it, but in reality, that is not the case.

[Unidentified reporter] Did you talk to him?

[Ozawa] Well, we agreed that after the election, we will talk at leisure. That is it.

[Unidentified reporter] I see. Mr. Ozawa, you said at a recent news conference that talking is also one rule of democracy. I think it is undemocratic for you to have avoided Mr. Hata's attempts to speak with you when you were about to become secretary general, while claiming that talking is a rule of democracy. Are you not being opportunistic in saying that talking is a rule of democracy?

[Ozawa] You always ask that sort of question. That is not true. First, you are confusing the election of the secretary general and that of the president in your question. After considering various issues, I accepted the party members' endorsement and decided to run as candidate for secretary general. Mr. Hata was running for party president. Whether there was any consultation among the candidates for party president, I do not know. What you have said is completely false.

[Unidentified moderator] Next question please.

[Unidentified reporter] I would like to ask both the party president and the secretary general a question. As the Shinshinto's strategy to recapture political power, what would you emphasize in your management of party affairs?

[Kaifu] Basically, I think that political power should go to the party that wins a majority through legitimate elections. As evidenced in various cases so far, if a party fails to win a majority, then it will have to cooperate with other parties. I believe the natural tactic for Shinshinto will be to continue its efforts in policymaking and maintain its stance of advancing together with the people to win as many seats as possible in future elections for Diet members. We must continue such efforts, which will eventually lead to recapturing the political regime.

[Ozawa] I agree with what the president just said. Since I am in charge of practical affairs, from this standpoint, I think we should build a nationwide party organization as soon as possible to obtain the people's mandate, to win their support, and to aim at winning a majority. My job is to work hard for this in the management of routine party affairs.

[Unidentified moderator] Excuse me. The gentleman over there.

[Unidentified reporter] I would like to ask Secretary General Ozawa the following: Mr. Hata, with whom you defected from the LDP, lost in the election for party president today. Do you have anything to say to Mr. Hata here?

[Ozawa] Well, we agreed that a fair and open election should be held and that there should be no hard feelings. The election was held, and the party members have rendered a solemn verdict. I think that all we can do is accept and respect that verdict.

[Unidentified reporter] This is a question for both the president and the secretary general. In the presidential election, 52 votes went to Mr. Hata, and 31 votes to Mr. Yonezawa. In a sense, these votes can be considered votes of criticism against Mr. Kaifu. What, do you think, is this criticism? How will you deal with such criticism, and what will you do from now on? Furthermore, Mr. Ozawa was elected without a vote. You did not have a chance to face such criticism. What do you think of this?

[Kaifu] Concerning the votes against me, I accept them with all humility. I hope those who voted for Mr. Hata and Mr. Yonezawa will join forces with us to work for Shinshinto, because, in the final analysis, this will be important for the Japanese people. I hope we can all cooperate to uphold the banner of reform. Right now, the long, long political ekiden [long-distance relay] to the 21st century with the participation of all is about to start. In order to cooperate and work together, I will be open to opinions from these members.

[Ozawa] You reporters tend to see things in such a way, but I think that to consider all the votes [for Hata and

Yonezawa] votes of criticism is not really correct. I think all party members endorsed their own candidates and voted with the thought that they preferred a certain candidate over the other candidates. I think it is not right to define them all as votes of criticism. Of course, it is alright to think that one candidate is better than the other. I believe it is not right to take a one-sided view. Well, it so happened that I did not have to undergo an election, but I am the one person who has always been subject to criticisms. I always accept these criticisms with all humility.

[Unidentified moderator] Yes, the gentleman in the front row.

[Unidentified reporter] I would like to ask a question on the relations between Shinshinto and the labor unions. I would like to address the question to Messrs. Kaifu and Ozawa. Relations between Shinshinto and the labor unions will bear on the party's power base and support organization. The DSP, or the former DSP, is a part of Shinshinto. Please tell us how you will build the relationship between Shinshinto and Rengo [the Japanese Trade Union Confederation], and your relationship with the unions of the various industrial sectors.

[Kaifu] Labor union members work for the welfare of the country in various areas. In the new political platform we will soon make public, we state that we aim at building a party with the participation of the people. Our basic position is that we would like to move on together with the people based on the principles of democracy. We attach great importance to each and every person, regardless of social status. In particular, it would be a matter of course for us to further build on our relations with labor unions which are willing to cooperate with us, and with those unions with whom we have had policy discussions.

[Unidentified reporter] Mr. Ozawa, could you please answer the same question?

[Ozawa] Yes. Regardless of whether they are union members, farmers, or operators of small businesses, we plan to formulate our ideas and publicize them to win as much support as possible. I think that is the thing to do. Personally—and this also holds true for the president—we were in the LDP for a long time, and did not have many opportunities to contact labor union members. I think we do not differ too much with them in terms of basic ideas and political goals. We have come to realize this. In that sense, I think there is sufficient basis for us to agree and to cooperate.

[Unidentified moderator] This may be the last question. Yes. Please.

[Unidentified reporter] This is a question for President Kaifu. As a secretary general, what do you expect Mr. Ozawa to do for you?

[Kaifu] I hope the secretary general will demonstrate his abilities in various fields. I will not mention any specific task. The secretary general needs to pay attention to all matters.

[Unidentified reporter] You have experience [working with Ozawa] as a prime minister. Under the new setup of the Shinshinto, do you have any specific expectations of him under this new framework? Any special demands on him as the person in charge of party affairs?

[Kaifu] As I have just said, the job of a secretary general covers a wide range of areas. I hope he will pay attention to all aspects and work hard. I have no special orders. But in the context of a political party, in the final analysis, the ultimate goal is that the party should work hard on policy, appeal to the people during an election, and win their understanding. In the process of heading toward that ultimate goal, the secretary general plays a very important role. During the lower house election of 1990, we experienced working together in our respective capacities. That is all.

[Unidentified moderator] We will accept just one more question. Please go ahead.

DSPJ Dissolves, 24 Members Join Shinshinto

OW0912075694 Tokyo KYODO in English 0738 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—The middle-of- the-road Democratic Socialist Party (DSP) ended 35 years as an independent party Friday [9 December], with a formal decision to break up and merge with Shinshinto (New Frontier Party).

Twenty-four DSP legislators indicated they would join Shinshinto. Only two DSP members said they would remain in the Diet as independents, former DSP chief Keigo Ouchi and House of Representatives member Takashi Oya.

The swing in sentiment toward Shinshinto came after DSP Chairman Takashi Yonezawa ran for Shinshinto president Thursday evening. The 31 votes won by Yonezawa reassured his followers that they would have a voice in the new party.

The DSP was formed in January 1960 when 57 members of the then-Japan Socialist Party broke away under the leadership of Suehiro Nishio.

The party enjoyed the support of the Japanese Confederation of Labor (Domei) and promoted a platform of a "welfare state for laborers" and "creation of a democratic parliamentary system."

DSP was the partner of previous coalition cabinets of former Prime Minister Morihiro Hosokawa and former Prime Minister Ttutomu Hata.

The Hata minority government gave way after two months to the current alliance between the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake. Ouchi resigned as DSP leader after the formation of the present coalition government under Prime Minister Tomiichi Murayama.

* Organization of New-New Party Examined

952B0050A Tokyo SEIKAI SHUNJU in Japanese Dec 94 pp 22-27

[FBIS Translated Excerpt] **"New Party" To Finally Debut in December**

The establishment of the new-new party, which was expected to undergo a difficult creation and be composed of nine opposition parties and factions, has finally become reality. In summary, decisions were made—at the "Kaikaku" [Renovation] parliamentary group meeting of 187 members which was formed in advance of the new-new party and at the subsequent meeting of the new party planning committee launched on 28 September with Ichiro Ozawa serving as executive committee chairman—to launch the new-new party on 10 December at the Yokohama "Minato Mirai 21" building. Additionally, a decision has been made for the basic policy committee chaired by Komeito Policy Research Council Chairman Chikara Sakaguchi to prepare the party platform, party formation announcement, and basic policies necessary in connection with the establishment of the new-new party and to submit the draft documents to the executive committee chaired by Shinseito [Japan Renewal Party] Secretary General Ozawa.

Currently, the House of Representatives legislative group called "Kaikaku" has a total of 187 members, including 62 belonging to Shinseito, 33 to the Japan New Party, 19 to the Japan Democratic Socialist Party (DSP), seven to Jiyuto [Liberal Party], five to New Party Mirai, five to Koshikai, two to the Liberal Association, 52 to Komeito, and five to the "Kaikaku no Kai" faction. If associated members from the House of Councilors join the group, membership from the two houses will total 225 to form a major opposition party.

The new-new party will become a major political party second only to the Liberal Democratic Party [LDP] and will face a showdown with the Murayama government as a powerful opposition party. The various parties are currently preoccupied with actions to line themselves up with the pending changes in the political situation.

To begin with, Chairman Takashi Yonezawa of the DSP made a decision at the 12 October central Executive Committee meeting to hold a "rally to dissolve the party" on 9 December in Tokyo in connection with the establishment of the new-new party. Further, a decision was also made for the liquidation and closure of prefectural field organizations which are to remain in operation until after the consolidated prefectural elections in the spring of next year and to establish a "Democratic Socialist Association" for the purpose of aiding DSP Diet members after the transition to the new-new party.

Currently, the "committee to prepare for party dissolution" is playing a central role in working on the breakup of the party in preparation for the dissolution rally to be held on 9 December. In essence, the DSP which has existed for 35 years will close its doors just before formation of the new-new party.

On the other hand, unlike the DSP, actions to be taken by Komeito are complex. On 14 October, the Komeito central Executive Committee decided to hold a rally to divide the party into two parts on 5 December at the Chiyoda Public Auditorium as part of the process accompanying the formation of the new-new party.

In summary, the idea is to launch on 5 December two parties, including one which is composed of 62 Diet members from both houses and one which virtually preserves the current party organization. The majority of the Diet members will join the new-new party on the one hand, while 11 House of Councilors members with three and one-half years of their terms to serve, prefectural government parliamentarians, and the Komeito newspaper organization will remain with the latter organization. This process is being referred to as the two-stage dissolution of the party. The "New Komeito" (interim title) to be created through this process with a membership of 62 will become eligible for 10 billion yen in political party subsidies by dissolving and joining the new-new party at its formation rally.

On the other hand, prefectural organizations which are said to be the main elements, some of the House of Councilors members, and the Komeito newspaper division are scheduled to join the new-new party after next spring's prefectural elections.

Otherwise, seceders from the LDP belong to the Japan New Party and Shinseito, which have been in existence for only one or two years, while most such elements were formed some time this year. That being the case, most have no organizational activities to speak of. Thus, they have nothing to lose in connection with their dissolution and, in this sense, the formation of the new-new party represents a departure full of hope and without any problems.

The DSP and Komeito Face Difficult Party Dissolutions

In contrast, the DSP and Komeito, which have long histories, face complex situations. They face psychologically complex issues and it is not possible to liquidate over 30 years of history during a one-day dissolution rally, making it necessary for additional time for the liquidation of history in terms of organizational and financial factors. The adaptation of the two-stage approach by Komeito is reflective of this situation. The New Komeito elements are scheduled to join the new-new party after the prefectural elections, but it is said that the involvement of main elements such as the critical Komeito newspaper division and prefectural field offices has created apprehension and distrust among those in the "Kaikaku" parliamentary group. In essence, according to statements made by Honorary Chairman Ikeda, he has suggested collaboration with LDP Diet members and the view can be assumed that he is playing both sides of the political situation as part of a bargain negotiated in connection with the Diet summons of Ikeda. Whether or not the "main elements" of the New Komeito will join with the new-new party after the election is something that should be watched with interest.

A look at Komeito reveals that it has a total of 600 party employees, with 300 assigned to party headquarters, and 240 of them working for the daily KOMEITO SHIMBUN. Aside from the Communist Party, Komeito is the only political party in Japan which has the record and capability to publish a daily newspaper. It is very easy to visualize the complex frame of mind that these employees would fall victim to in connection with the issue of career changes and the transfer of prefectural field offices and assets to the new-new party.

The foregoing circumstances are similar with the DSP which has 240 party employees located throughout the country, with 70 working in party headquarters. The latter figure includes employees of its weekly magazine. Reportedly, these employees harbor strong apprehensions about career changes and they are also concerned about the sentimental ties that they have with supporting labor organizations. A political organization with the interim title of "Democratic Socialist Association" has been formed in connection with the party's affiliation with the support organization called Yuaikai and a plan has been devised to collaborate in the preservation and liquidation of the support organization's assets, but the organization's debut is somewhat clouded in relation to Rengo.

Further, the "Socialist International" remains as a global issue. Currently, talks are underway for the new-new party to assume the membership, but the question remains unclear as to whether the Socialist International will accept that approach. As indicated herein dissolution and liquidation in connection with the formation of the new-new party poses a major dilemma for the DSP and Komeito.

Preparation Committee Prepares "Interim Report" on Policies

Finally, after such issues have been overcome, the new-new party will be formed and it will face the major task of developing basic policies, election plans, organization, political affairs, and the election of a party leader.

The respective party leaders gathered at the recent new party preparation conference, conferred on basic policies and the issues listed above, and prepared an "interim report." However, the talks revealed that there were major differences concerning basic policy such as a choice between preservation or revision of the Constitution and on the issue of collective self-defense.

Of special note is that there was a heated exchange of words between Komeito, whose party policy is to "preserve the Constitution," and Shinseito, with many members in favor of revising the Constitution. Also, differences in viewpoint appeared between the cautious Komeito and DSP and the aggressive Shinseito in connection with the issue of collective self-defense. Such differences in viewpoint were to be expected. In the past, under the former coalition government, the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger] were made out to be "villains" and other parties assumed a fence-sitting stance amidst a Shinseito-DSPJ confrontation as a means of keeping the peace. Now that the SDPJ and Sakigake are no longer part of the opposition groups, Komeito has no choice but to advocate its "party policy."

Towards that end, a decision was made to avoid reaching hasty conclusions and to allow adequate time for discussions after the formation of the new party. The draft of the interim report prepared while postponing action on such basic issues is composed of such topics as the party formation announcement, party platform, national doctrines, diplomacy, security, welfare, consumer affairs, the economy and industry, and tax reform.

The main features encompassed under the titles of diplomacy and security included: 1) positive action on UN reform and membership on the UN Security Council, 2) continuing discussions on pending postwar issues, 3) continuing discussions on the Self-Defense Forces and the Constitution in connection with collective self-defense, 4) removal of the restriction under the UN Peacekeeping Operations (PKO) Cooperation Law, which freezes participation in peacekeeping forces (PKF) operations.

The area of "election plans" (small electoral district system) included: 1) With the exception of those cases where there are no potential successors, party officials including party leaders will as a basic rule become candidates of proportional representation districts or a small electoral district other than the election district that they currently represent. 2) Solicitation for candidates will begin after the formation of the new party, and documentary screening will be completed by yearend. 3) An age limit for candidates will be adopted, with a view to setting it at age 70. 4) Hereditary candidacy will not be approved as a general rule within the same electoral district.

The area of "political affairs" included: 1) consideration of relaxing restrictions on party debate, 2) consideration of adapting a quota system for female personnel, 3) establishment of women's, citizens, and consumers bureaus, 4) establishment of a shadow cabinet, and 5) strengthening of alliances with labor organizations which support Rengo and the new party.

Further the draft interim report called for the establishment of a "party rally" as the supreme executive agency of the party organization. The party rally will be held once a year to vote for a party leader. The party membership fee will be 3,000 yen a year and membership of permanent foreign residents will be considered.

Also being considered is the holding of several "national general meetings" each year to approve basic policies and activity plans. The prefectural organization will be composed of affiliated units located at the prefectural level and will be composed of 300 general branches throughout the country. Additionally, a "bicameral Diet members' general meeting" composed of Diet members of both houses to approve policies and a Diet management plan and an "Executive Council" will be established. The council will be an executive agency and will be composed of the party leader and over 10 members.

The interim report has finally served to provide a framework for the new party, but major differences still exist in basic policy issues and the fact that final decisions have been postponed until after formation of the new party indicate that, similar to the Murayama coalition government, the new party cannot be referred to as a unified organization and we must admit that it carries the seeds of potential future conflict.

Election of Leaders Accompanied by Turmoil

Aside from the foregoing items, a matter of interest to the public about the new party is key personnel assignments. Of special interest in this respect are the positions of party leader who symbolizes the party and the secretary general who wields control over the party.

The secretary general position is seen as being filled by Shinseito Secretary General Ichiro Ozawa, who has been serving as chairman of the executive committee of the new party preparation council, but entirely unclear are potential appointees to the position of party leader. Initially, candidates mentioned included Kaifu, Hata, and Hosokawa. The most frequently mentioned, strongest candidate was Kaifu who was supported by the former coalition government members.

However, the situation recently took an unfavorable turn. Recently, the DSP has taken the view that a monopoly over the party leader and secretary general positions by former LDP seceders would be considered by the public as the makings of a second LDP or second conservative party and would not be consistent with the purpose of the new party. Based on such thinking, personnel from other than the former LDP such as the DSP and Komeito have been mentioned as possible candidates. A noticeably strong candidate mentioned has been DSP Chairman Yonezawa. Further, the selection method has become a matter involving the clashing of opinions and covers such approaches as consultations and casting of ballots.

With respect to that issue, new party preparation council executive committee chairman Ichiro Ozawa has suggested the selection of a party leader after formation of the new party in making remarks such as, "The first order of business is not the selection of a party leader, but the formation of a new party as our foremost mission," and "It is not a case of a new party existing because of a party leader, but a party leader existing because of a new party." Moreover, he is advocating the selection of the first party leader on the basis of consultations and the second and subsequent party leader on the basis of a ballot at a party rally. Views expressed on the selection process include that of political commentator Hisayuki Miyake who states, "Komeito Chairman Ishida advocates the consultation method, while the ballot approach is advocated by the Koshikai, which is comprised of LDP seceders, the Jiyuto, and the first termers' group." Ichiro Ozawa who has always favored the consultation approach would now like to avoid turmoil prior to the formation of the new party and settle on a party leader based on consultations after formation of the party.

However, the issue is one of even greater complexity. The position of the DSP is that it will not agree if both party leader and secretary general are appointed from among former LDP members and that, if the party leader is a former LDP member, then the secretary general must be someone other than Ozawa; i.e., he should be appointed from among DSP, Komeito, or Japan New Party Diet members.

Cause of Corruption and Adhesion With Financial World

A while back, off-the-record statements of Ozawa were published, such as "Kaifu is a genuine idiot. Uno is much better. Even Kozo Watanabe treats Kaifu with contempt," and "We selected Nakasone not only for the sake of the party but with the intention of taking over the cabinet. He is a lightweight and is an ideal candidate. He is easy to manipulate and will do as you tell him." These are statements made by Ozawa in November 1982, when the Tanaka faction supported Yasuhiro Nakasone as the LDP president. Nakasone was referred to as an "opportunist" and "viper" and cannot necessarily be referred to as easy to handle, but he is certainly a lightweight. It must have been a case where he was easily manipulated.

Although already a widely known fact, the above remarks clearly defined Ozawa's objective and logic of serving as a "behind-the-scenes" strongman.

That being the case, there is the possibility that an "easy-to-handle lightweight" will be selected as the leader of the new-new party, but as long as such principles are a matter of public knowledge, there will be the issue of pride on the part of the potential party leader. This being the case, there is no telling who will be the ultimate selectee of the party leader position as well as the selectee of the secretary general position when it had appeared as if the decision had already been made.

In reality, some individuals had rejected the idea of attending the new party preparation council out of desperation over the potential revival of the "Ichiro Ozawa-Yuichi Ichikawa" lineup in anticipation of Ichiro Ozawa becoming secretary general. Those individuals included Mari Umieda, Hiroki Ishii, Toshiaki Endo, and Masanobu Makino. The four have subsequently formed a faction called the "Democratic New Party Club"

[Minshu Shinto Club]. Needless to say, if the new party is launched, some additional members from the LDP and SDPJ could conceivably join the faction in connection with the elections, but there is the possibility that some will reject the idea of joining the new party or that some will secede from the new party. Thus, selection of the party leader along with the selection for the secretary general position is an issue that can create turmoil. We can view the launching of the new party as being troubled with a number of potential problems.

Such are the circumstances which surround the new party, but Chairman Jinnosuke Ashida of Rengo which is of interest states in relation to his position concerning the new party that if he receives a request for collaboration that he intends to take a wait-and-see attitude towards the policies of the new-new party.

On the other hand, the financial world which relates to the situation in terms of political funding, has assumed the policy that, although the Keidanren will not serve as intermediary, corporate donations will continue, even though a public subsidy system currently exists. This is the case where although the Keidanren leaders state, "The ideal situation would be a mixture of public subsidy and individual donations," they have issued an approval for corporations to resume their donations.

The original cause for political corruption was the financial world. Donations are a form of political intervention and, despite the pending initiation of public subsidies, financial leaders show signs that they have not learned a bitter lesson as they proceed to resume their role as perpetuators of the cause of evil.

In response to that posture, Komeito Chairman Ichikawa has stated, "We will accept donations," making it regrettably difficult to anticipate the building of a new era on the part of the new-new party.

In any event, the new-new party will be launched on 10 December with flourish and euphoria over the formation of the party will be intensified even more by public participation in an open competition on the naming of the new party, but the new party debut will be plagued by obscure difficulties such as adhesion with the financial world, a fissure in basic issues, and personnel problems.

191 Members of the Former Coalition Group (including 187 from the parliamentary group "Kaikaku" and four from the "Minshu Shinto Club")

Minshu Shinto Club members are marked by an asterisk

Diet Member	Times Elected	Electoral District
Shinseito, 62 members		
Tatsuo Ozawa	12	Niigata 1
Mutsuki Kato	10	Okayama 2
Keiwa Okuda	9	Ishikawa 1
Ichiro Ozawa	9	Iwate 2
Megumu Sato	9	Osaka 6
Moriyoshi Sato	9	Hiroshima 3
Tsutomu Hata	9	Nagano 2
Kozo Watanabe	9	Fukushima 2
Koichiro Aino	8	Saga Prefecture-at-large
Hajime Ishii	8	Hyogo 1
Kazuo Aichi	7	Miyagi 1
Masami Tanabu	6	Aomori 1
Mamoru Nakajima	6	Nagano 3
Keisuke Nakanishi	6	Wakayama 1
Eijiro Hata	6	Oita 1
Akira Fukita	6	Yamaguchi 1
Hajime Funada	6	Tochigi 1
Morio Kimura	4	Aomori 2
Hiroshi Kumagai	4	Shizuoka 3
Takao Sasayama	4	Akita 2
Toshihiro Nikai	4	Wakayama 2
Toshinobu Awaya	3	Hiroshima 1
Shigeru Ishiba	3	Tottori Prefecture-at-large
Kiichi Inoue	3	Hyogo 3
Masayuki Okajima	3	Chiba 1
Naoto Kitamura	3	Hokkaido 5
Masahiro Koga	3	Fukuoka 3
Norio Sugiyama	3	Shizuoka 2
Ichiro Takahashi	3	Tokyo 4
Shigehiro Tsukihara	3	Kagawa 2
Masaharu Nakamura	3	Okinawa Prefecture-at-large
Takeshi Maeda	3	Nara Prefecture-at-large
Iwao Matsuda	3	Gifu 1
Hitoshi Murai	3	Nagano 4
Sadao Ioku	2	Chiba 4
Katsuya Okada	2	Mie 1
Tokunosuke Kaneko	2	Fukushima 1
Issei Koga	2	Fukuoka 3
Kenji Kosaka	2	Nagano 1
Hirohisa Fujii	2	Kanagawa 3
Yukio Hoshino	2	Niigata 3
Toshio Masuda	2	Saitama 3
Hiroyuki Aoki	1	Aichi 1

191 Members of the Former Coalition Group (including 187 from the parliamentary group "Kaikaku" and four from the "Minshu Shinto Club") (Continued)

Minshu Shinto Club members are marked by an asterisk

Diet Member	Times Elected	Electoral District
Yoshihito Iwasa	1	Tokushima Prefecture-at-large
Kiyoshi Ueda	1	Saitama 5
Tetsuma Ezaki	1	Aichi 3
Kentaro Kudo	1	Iwate 1
Shinichiro Kurimoto	1	Tokyo 3
Takaaki Koga	1	Yamaguchi 1
Taizo Shibano	1	Tokyo 1
Saburo Shirasawa	1	Niigata 2
Yukio Mikawa	1	Chiba 2
Ryuji Tsuchida	1	Kanagawa 3
Juntaro Toyota	1	Kyoto 2
Taiichiro Nishikawa	1	Tokyo 6
Tadashi Hirono	1	Toyama 1
Shigefumi Matsuzawa	1	Kanagawa 2
Ichizo Miyamoto	1	Hyogo 2
Kenji Yamaoka	1	Tochigi 2
Masahiko Yamada	1	Nagasaki 2
Kozo Yamamoto	1	Fukuoka 4
Koichi Yoshida	1	Tokyo 5
Japan New Party, 33 members		
Shogo Abe	10	Yamagata 2
Satsuki Eda	4	Okayama 1
Yutaka Kondo	4	Aichi 5
Hiroki Ishii*	1	Tokyo 3
Tatsuya Ito	1	Tokyo 11
Hiroshi Imai	1	Saitama 1
Toshiaki Endo*	1	Yamagata 1
Mari Umieda*	1	Tokyo 1
Ichiro Kamoshita	1	Tokyo 10
Takashi Kawamura	1	Aichi 1
Yuriko Koike	1	Hyogo 2
Shinichi Koizumi	1	Kanagawa 5
Hiromichi Kobata	1	Fukushima 3
Muneaki Sameshima	1	Tokyo 5
Hiroshi Sudo	1	Chiba 2
Yuriko Takeyama	1	Saitama 4
Shinji Tarudoko	1	Osaka 7
Hiroshi Nakada	1	Kanagawa 1
Tokihiro Nakamura	1	Ehime 1
Eiji Nagai	1	Kanagawa 1
Hiroyuki Nagahama	1	Chiba 4
Yoshihiko Noda	1	Chiba 1
Kenichiro Hatsumura	1	Nagasaki 1
Osamu Fujimura	1	Osaka 3
Morihiro Hosokawa	1	Kumamoto 1
Masanobu Makino*	1	Shizuoka 1
Masuo Matsuoka	1	Yamaguchi 2
Toshimitsu Shigeki	1	Tochigi 1
Masayoshi Yagami	1	Kumamoto 1
Kotaro Yamazaki	1	Fukuoka 1
Hiroshi Yamada	1	Tokyo 4
Takashi Yamamoto	1	Osaka 4
Koichiro Watanabe	1	Tokyo 7
DSP, 19 members		
Atsushi Kanda	7	Tochigi 2
Hironari Nakano	7	Osaka 3
Takashi Yonezawa	7	Miyazaki 1
Takashi Aoyama	6	Aichi 2
Eiki Ouchi	6	Tokyo 2
Hiroshi Nakai	6	Mie 1
Hidenari Ito	4	Aichi 4
Norio Abe	3	Shizuoka 3
Tatsuo Kawabata	3	Shiga Prefecture-at-large
Nobumitsu Tsukada	3	Ibaragi 1
Takashi Oya	2	Osaka 1
Kenji Kitahashi	2	Fukuoka 2
Tadamasa Kodaira	2	Hokkaido 4
Yoshiaki Takagi	2	Nagasaki 1
Minoru Yanagida	2	Hiroshima 3
Mie Ishida	1	Okayama 2
Ryuzo Sasaki	1	Fukui Prefecture-at-large
Shingo Nishimura	1	Osaka 5
Osamu Yoshida	1	Osaka 2
Kaikaku Club, 5 members		
Takeo Nishioka	10	Nagasaki 1
Kunio Hatoyama	6	Tokyo 8
Masamitsu Oishi	3	Miyazaki 2
Takashi Sasakawa	3	Gumma 2
Hatsuyuki Ishida	1	Saitama 1

191 Members of the Former Coalition Group (including 187 from the parliamentary group "Kaikaku" and four from the "Minshu Shinto Club") (Continued)

Minshu Shinto Club members are marked by an asterisk

Diet Member	Times Elected	Electoral District
Jiyuto, 7 members		
Koji Kakizawa	5	Tokyo 6
Seiichi Ota	5	Fukuoka 1
Shokei Arai	3	Tokyo 2
Shizuo Sato	2	Hokkaido 1
Hiroshi Yamamoto	2	Fukui Prefecture-at-large
Sanae Takaichi	1	Kanagawa Prefecture-at-large
Kenzo Yoneda	1	Kanagawa 4
New Party Mirai, 5 members		
Michihiko Kano	7	Yamagata 1
Masayasu Kitagawa	4	Mie 1
Takao Sato	3	Akita 1
Goji Sakamoto	2	Fukushima 3
Teruhiko Masuko	2	Fukushima 1
Koshikai, 5 members		
Toshiki Kaifu	12	Aichi 3
Takeshi Noda	8	Kumamoto 1
Yuji Tsushima	7	Aomori 1
Akihiko Noro	4	Mie 2
Hiroshi Imazu	2	Hokkaido 2
Liberal Association, 2 members		
Toshio Yamaguchi	10	Saitama 2
Hiroshi Kawashima	2	Aichi 4
Komeito, 52 members		
Koshiro Ishida	9	Aichi 6
Mikio Omi	9	Osaka 3
Kazuo Torii	8	Chiba 1
Yuichi Ichikawa	7	Kanagawa 2
Jiro Kainuma	7	Okayama 2
Shozo Kusakawa	7	Aichi 2
Nobuaki Futami	7	Ibaragi 3
Tsuneo Gondo	6	Fukuoka 3
Tsutomu Sakaguchi	6	Mie 1
Shosuke Miyachi	6	Saitama 2
Eisuke Yamada	5	Saitama 4
Kazuyoshi Endo	4	Tokushima Prefecture-at-large
Takenori Kanzaki	4	Fukuoka 1
Katsuyuki Higasa	4	Okayama 1
Koji Morimoto	4	Nara Prefecture-at-large
Tetsuzo Fuyushiba	3	Hyogo 2
Shozo Higashi	2	Tokyo 6
Noritoshi Ishida	2	Kochi Prefecture-at-large
Otohiko Endo	2	Tokyo 2
Yuriko Ono	2	Tokyo 7
Nobuo Kawakami	2	Kanagawa 3
Kazuo Kitagawa	2	Osaka 5
Eiki Kurata	2	Kumamoto 1
Junji Higashi	2	Fukuoka 2
Yoneo Hirata	2	Aichi 1
Natsuo Yamaguchi	2	Tokyo 10
Kazumi Aoyama	1	Tochigi 2
Kazuyoshi Akabane	1	Hyogo 1
Masao Akamatsu	1	Hyogo 4
Keiichi Ishii	1	Tokyo 5
Akihiro Ueda	1	Kanagawa 4
Isamu Ueda	1	Kanagawa 1
Yoshinori Oguchi	1	Shizuoka 1
Akihiro Ota	1	Tokyo 9
Junichi Nagauchi	1	Hokkaido 1
Masatoshi Kawai	1	Gifu 1
Tetsuji Kubo	1	Osaka 4
Tetsuo Saito	1	Hiroshima 1
Shigeki Sato	1	Osaka 6
Yosuke Takagi	1	Tokyo 11
Yuzuru Takeuchi	1	Kyoto 1
Takayoshi Taniguchi	1	Osaka 2
Masahiro Tabata	1	Osaka 1
Kunio Chiba	1	Miyazaki 1
Shigeyuki Tomita	1	Chiba 4
Hiroyoshi Nishi	1	Wakayama 1
Kazuo Hikitomo	1	Fukuoka 4
Yutaka Fukushima	1	Osaka 7
Taizo Fukutomi	1	Saitama 1
Keigo Masuya	1	Yamaguchi 2
Yasuo Yamana	1	Kyoto 2
Yoshitaka Wakamatsu	1	Saitama 5

Murayama Persuades Ishihara Not To Resign

OW0912024194 Tokyo KYODO in English 0147 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—Deputy Chief Cabinet Secretary Nobuo Ishihara, who has held his post for nearly seven years under seven administrations, told Prime Minister Tomiichi Murayama on Friday [9 December] he wishes to resign, the top government spokesman said.

Murayama, however, persuaded Ishihara to stay on, Chief Cabinet Secretary Kozo Igarashi told reporters.

"I hope to continue to receive cooperation from you because (the government) is in an important political situation facing issues such as administrative reform and budget compilation," Murayama was quoted as telling him.

"I will continue to make efforts if the prime minister has such a strong wish," Ishihara reportedly said.

Ishihara, 68, has worked for seven consecutive administrations since the launch of a government under Prime Minister Noboru Takeshita of the Liberal Democratic Party in November 1987.

Last April, he broke the record for the length of service as the top administrative official.

Tokyo Gov. [governor] Shunichi Suzuki has said he wants Ishihara to succeed him after his fourth term expires next spring.

Five Lower House Members To Form New Party

OW0912124694 Tokyo KYODO in English 1203 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—Five House of Representatives lawmakers said Friday [9 December] they will form a new party next Thursday.

Four members from the former opposition Japan New Party (JNP), Banri Kaieda, Koki Ishii, Toshiaki Endo and Seishu Makino, linked with Takashi Oya, who left the largest parliamentary group Kaikaku.

Kaikaku is the base for the new opposition party Shinshinto (New Frontier Party) set to be formally inaugurated Saturday.

Kaieda, Ishii, Endo and Makino formed the parliamentary group, New Democratic Club, in the lower chamber and Oya, a former member of the Democratic Socialist Party (DSP), joined.

Kaieda will head the party Minshushinto, or New Democratic Party, they said.

The JNP, once headed by former Prime Minister Morihiro Hosokawa, and the DSP formally disbanded Friday, along with the leading opposition Shinseito, previously led by former Prime Minister Tsutomu Hata, to merge into Shinshinto.

Banks, Automakers To Continue Political Donations

OW0912121994 Tokyo KYODO in English 1138 GMT 9 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 9 KYODO—Japanese commercial banks and automakers will make political donations to the ruling coalition partners Liberal Democratic Party (LDP) and New Party Sakigake and the opposition Shinshinto (New Frontier Party) before the end of the year, industry sources said Friday [9 December].

Total political donations to be made by leading commercial banks are likely to fall below the 88 million yen given by them last year, the sources said.

No donations will be made to the Social Democratic Party (SDP), another coalition member, since it has not asked for donations, the sources said.

Shinshinto, which selected former Prime Minister Toshiki Kaifu as its head Thursday, is scheduled to be inaugurated Saturday.

Meanwhile, some major steelmakers, including Nippon Steel Corp. and Kawasaki Steel Corp., are considering resuming political donations, industry sources said.

The two companies suspended donations last year.

Nippon steel is likely to donate to the LDP, New Party Sakigake and Shinshinto, but will not donate through the Japan Iron and Steel Federation as it used to, the sources said.

Meanwhile, Japanese trading giant Mitsubishi Corp. last month offered political donations of 10 million yen to the LDP, company officials said Friday.

Mitsubishi has offered no donations to any other political parties so far this year, the officials said.

Last year, the company gave political donations totaling 53 million, mostly to the LDP, they said.

Among other trading companies, Itochu Corp., Nissho Iwai Corp. and Tomen Corp. said they have donated to the LDP this year, but in much smaller amounts than they gave last year.

Marubeni Corp. said it will offer no political donations for the time being.

* Weaknesses of Murayama Leadership Outlined

952B0022A Tokyo GENDAI in Japanese Nov 94 pp 106-109

[Article by Takao Iwami, MAINICHI SHIMBUN editorial consultant: "The Big Weak Point of an LDP-SDPJ Government That Depends on 'Murayama Popularity'"]

[FBIS Translated Text] **The Mood of Public Opinion Looking at the Murayama Government**

What was interesting among recent surveys was the result of a public opinion survey that was published in the 21 September edition of ASAHI SHIMBUN. The question, "Which do you think was the best government of the three that were formed in the last period of just over one year?" was clever. The responses were:

- Hosokawa government: 26 percent
- Hata government: 23 percent
- Murayama government: 26 percent
- Other, or no response: 22 percent

How does one interpret the wonderful scattered nature of these figures? There is almost no meaning in paying attention to the top one, the Murayama government. If one considers the strength of an incumbent government, it is a rather low figure.

The averaging phenomenon of there being almost no difference between the three governments causes one to imagine a situation in which the respondents had difficulty making an instant judgment. That is, even though asked "the best one...," it was not instantly clear. Assigning a character to a government and judging its worth are truly difficult of late. The Hosokawa government, too, which for a time boasted the miraculous popularity of over 70 percent, appears rather faded when looked at now.

In the present kind of increasingly fluid political world and diversification of values it is not easy to establish the criteria for judging what to regard as "good." Therefore, it is probably a matter of the difference having disappeared as a result of respondents having selected reasonably. There are no figures that express the recent political situation as frankly as these.

Incidentally, according to the same public opinion poll, the Murayama government's approval rate was 40 percent, surpassing its nonapproval rate of 36 percent, and reversing the previous poll. The approval rate also surpassed it in another poll of the same kind. Its popularity is rising little by little.

However, to the question "what do you think is good" about the Murayama government, 49 percent responded "nothing in particular"; to "what do you think is bad," 25 percent chose "nothing in particular"; and both were the top responses in their respective categories. We can look upon it as weak support about on the level of: We do not think it is especially good or bad, but it is ok, is it not. Well then, let us list where the reasons lie for that kind of mood-type popularity to be rising.

Transparency That Did Not Exist Previously

First is that the degree of personal good will toward Prime Minister Murayama is strikingly good. A Social Democratic Party of Japan [SDPJ] executive told this kind of story.

"This happened immediately before he was elected prime minister; I went to persuade him, saying, 'Sir, please resolve to do it.' There are three things that Murayama said then which remain strongly in my impressions. 'What in the world are you talking about? Even me? That will not do.' 'Ask Doi or someone to do something like that.' 'Do you think this small ability can handle a summit?' I have never seen a person who could say so clearly and honestly that he was not qualified. I was moved. That is precisely why he was able to become prime minister. It is rude to say so, but none of those who were chairmen before him: Ishibashi, Doi, Tanabe, and Yamahana, were able to become prime minister. Only Murayama had the qualifications. It is the man and the character. He gives off almost no air of the SDPJ, and in any event, he can be trusted. It has begun to be understood about now that the LDP bet not on the SDPJ, but on Murayama."

He is greatly charmed by Murayama, but one after the other, the executives of the LDP and New Party Sakigake [Harbinger], which are governing parties, also relate similar impressions, and it seems to me that the same kind of image has also been transmitted to the eyes of the general public, which are watching from a distance.

Moreover, among the postwar prime ministers there was none with as strong an air of "honest poverty" as Murayama. There are many politicians, even in the SDPJ, who do not give an impression of "honest poverty," but Murayama is different. I well understand that, as a figure who is at the opposite pole to "money power," people are given a feeling of good will toward him without reasoning.

Second is that the transparency of management of the political situation increased. One of the leaders of the LDP says: "The SDPJ resolutely compromised on security, the Self-Defense Forces, the national anthem, and the national flag, so the SDPJ would lose face if we, too, did not compromise with them on the tax system and arms reduction (reduction in defense expenditure). Shall I call it give-and-take; after all, politics is helping each other. Murayama, too, says "I see," and decides things clearly without being a stickler for things which are too small. He has courage." This process of mutual compromise is also fairly visible from the outside.

At the extraordinary meeting of the SDPJ (3 September) 40 percent of the Diet members opposed the Murayama line which greatly altered basic policy, but it was welcome that the "opposition" could be understood clearly, and was not disposed of in a collusive manner in a secret room. In the debate on reforming the tax system also, the manner of resistance within the SDPJ was as clear as if one could touch it.

One was also able to grasp the manner in which the statements of Prime Minister Murayama, Deputy Prime Minister and Foreign Minister Kono, and Finance Minister Takemura go on changing delicately each day, not only regarding the tax system, but also such things as becoming a permanent member of the UN Security Council and the question of dispatching Self-Defense Forces to Rwanda and whether they should carry weapons. The reasons and background for the changes are not necessarily clear, but one can more or less imagine them, and one was also able to sense in Murayama and the others a posture of doing their utmost to explain.

It is a valuable change compared to the former LDP era, which was haunted by a sense of opacity, and that connected directly with political distrust. Transparency also increased with the Hosokawa and Hata governments, but high-handed methods by Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa and his associates became a target of criticism, so they also had demerits.

The Murayama government does not have that high-handedness, and at present it has a degree of transparency close to being under glass, so one can inquire into and learn the state of affairs inside the government. That did not exist previously.

The third is that for the present the three party leaders, Murayama, Kono, and Takemura are in agreement. I think this is a fairly important point in the rise of the approval rate. If opposition and conflict among the leaders surfaces, the enemy camp will rejoice and the government's image will certainly plummet.

In the former LDP era, political battles between influential leaders dogged the party chronically, and even under the Hosokawa and Hata governments such things as competition between Ozawa and Takemura stood out, and shortened the life span of the two governments. Because they are looking at that example, the current three party leaders are conducting themselves with prudence, and are putting together a battle formation with Murayama (70), who is also senior in terms of age, at the center and Takemura (60) and Kono (57) guarding the two flanks.

"Murayama has the quality of going to any length to keep a promise once he has undertaken something. He does not do things like make decisions by splitting the difference between two alternatives. He takes the better alternative. And recently he has somehow begun to rise above things." Kono thus evaluates Murayama at about the highest level, and this fine relationship of the trio is giving a kind of feeling of ease to the government.

The Weak Point Behind "Personality"

However, various points of the Murayama government which are thought to be "good," like the ones above, contain elements which can very well become weak points as they stand if one is careless.

If the government depends too much on the goodness of the prime minister's personality, it can very well turn completely about and lead to the criticism of the government that "one cannot govern by personality alone." Portents of that have already appeared. In particular, opinion has developed which is uneasy about Murayama's weakness in the aspect of diplomacy.

The blunder at the Naples summit and the unpopularity of Murayama's tour of ASEAN countries cast doubt on whether he has the ability for summit diplomacy. Even if some things cannot be helped judging from his past political history, it cannot be settled by that.

As might be expected, in the ASAHI poll mentioned earlier, in response to a question on Murayama's image, after "easy to get to know" with 34 percent, it continued with "unreliable" with 21 percent and "insufficient experience" with 13 percent. This order could reverse itself at any time.

Furthermore, concerning the propriety of the LDP-SDPJ-Sakigake tripartite coalition, it was unpopular, with "bad" registering 49 percent and "good" registering 30 percent. This reaction was also evident in the result of the Aichi upper house district by-election for which votes were cast and counted on 11 September. The candidate recommended by the coalition governing parties was defeated badly, receiving only just over one-half the votes of the former coalition governing parties.

There are still many persons who view the sudden linking of the LDP and SDPJ as "like an illicit union," and it has also gradually become clear that it will be difficult to make up for it by just the popularity of the personality of Murayama, who serves as the pivot. Should one ask if the sense of incompatibility grows weaker with the passage of time, it is not that simple; they are pressed with the necessity to make some kind of move. It is also a manifestation of a sense of crisis that recently a new-party thesis which holds that "for the LDP, SDPJ, and Sakigake to merge and form a new party is also one idea," has become prominent among the leaders of the LDP (Secretary General Yoshiro Mori, Policy Affairs Research Council Chairman Koichi Kato, and former Policy Affairs Research Council chairman Hiroshi Mitsuzuka).

There naturally exists the intention of countering preparations to form a new-new party which the former coalition governing parties are advancing, but it is not only that; it is probably that they must take decisive measures for fusion in order to convince the many voters who look upon an LDP-SDPJ coalition as "oil and water." But it is not something that can be done easily; if they err in the handling, it could also lead to collapse of the coalition.

Leadership by Bureaucrats Grew Stronger

Looking back over the approximately three months of Murayama's new setup, what is even more worrisome is that the tone of a political party grows weaker day by day, and almost all handling of policy flows at a bureaucratic pace. The most characteristic scene is the cabinet decision on the outline of tax reform which was made on 22 September.

In the end the SDPJ had to remove the sign: "Headquarters for the Movement To Oppose Raising the Consumption Tax Rate" which it set up to the side of the entrance to party headquarters in January of this year. Concerning the decision to raise "the consumption tax rate to 5 percent beginning in April 1997," Murayama repeated the painful words: "because of the position of supporting the government..." It means that, in order to preserve the government, he must also abandon the party platform. Relinquishing the basic policy of opposing an increase, which was called even "the last lifeline," means that the SDPJ ceases to be the SDPJ.

And the process of the gradual softening of Murayama and Takemura, who initially were cautious about the increase, was obviously bureaucratic leadership. The criticism hits the mark that: "The LDP, SDPJ, and Sakigake are doing nothing but straining to the utmost to avoid friction and not antagonize each other, so it has become an unprecedented atmosphere in which it is easy for bureaucrats to push claims through. Even the question of the UN Security Council is the same thing; in order to give highest priority to preserving the government, it has become a government which lacks pride, and whose worthiness as a political party have ended" (Shinseito executive).

The "delicate constitution" of that kind of Murayama setup will become a subject for discussion at the extraordinary session of the Diet which began on 30 September. After a short summer break, the political season begins again.

* Michio Watanabe's Account of Political Upset

952B0023A Tokyo GENDAI in Japanese Nov 94 pp 82-92

[Article by Yoshito Koeda, journalist: "Michio Watanabe: 'Settlement of Accounts Between Ichiro Ozawa and Me'"]

[FBIS Translated Text] **"Surprised and Thankful"**

In the first part of August when the record fierce heat attacked the Japanese archipelago, a letter was delivered into the hands of the author. There was the following passage in the document which was written with skillful penmanship in blue ink.

"I have very complex feelings, surprised and thankful at the great transformation of the Social Democratic Party of Japan [SDPJ] which is in bad shape for a political party, but I would like to ask you not to have a change of heart..."

The sender was former Deputy Prime Minister Michio Watanabe.

In the election to nominate the prime minister on 29 June when Prime Minister Tomiichi Murayama was born by the cooperation of the Liberal Democratic Party [LDP], SDPJ, and Sakigake [Harbinger], which no one had expected, Watanabe did not follow the LDP decision, but voted for Toshiki Kaifu who left the LDP directly before the election. There also had been a storm of criticism within the party that he should be expelled in the "revolt" following the uproar of party departures in April. The man in question weathered it out undisturbed, saying, "Go ahead, do as you please."

Once Murayama became prime minister, he dramatically changed existing SDPJ policy on "the constitutionality of the Self-Defense Forces" and "maintenance of the U.S.-Japan Security Treaty," and no one could be more surprised at this than Watanabe. The one sentence of the letter mentioned at the beginning is a condensation of the real feelings of Watanabe, who publicly stated that "If this is the case, I should have written 'Murayama' also."

Now that approval of the House of Representatives single-seat electoral district mapping bill seems certain in the extraordinary session of the Diet this fall, the LDP has begun to work toward elimination of factions.

However, Watanabe has not been hesitant to assert that "Only one political group will be permitted by the Political Reform Law and corporate donations also will be forbidden. Factions no longer can be maintained because there will be no money, but so long as there is a presidential election, something faction-like will remain even though the form is changed."

Watanabe, who says that "I wanted to be boss of a faction rather than prime minister or president," strictly speaking is not the founder of a faction because of the circumstances of having inherited the faction from former Prime Minister Yasuhiro Nakasone. However, bolting for one period from the Nakasone faction in his 40-day dispute with the Ohira cabinet, he formed the "Onchikai," an organization that cut across factions. The fact that he produced directly affiliated Diet members at election time even after he returned to the faction substantially caused the "bloodless capitulation" of the Nakasone faction taking the form of abdication. In that sense, the name of "last boss" of the disappearing factions is fitting for Watanabe himself in the LDP today.

On 28 July, this Watanabe welcomed his 71st birthday at Tokyo Women's Medical College Hospital while hospitalized for a checkup. With the moves accelerating toward political reorganization and change of generations, the general view is that Watanabe, whose health is uncertain, has lost his turn.

The political world today has created the "monster" of the Murayama regime by joining the two big political parties of the LDP and SDPJ which have repeatedly had backhand dealings based on the 1955 order, and on the other hand, formation of the "new-new party" by 10 opposition parties is proceeding at a fast pitch. While there are clamors for the formation of political groups by ideology and policy, there is only a very emotional argument type of opposition axis where the methods symbolized by Ichiro Ozawa, Shinseito [Japan Renewal Party] representative secretary general, are right or wrong.

There is no mood in that to permit Watanabe to advocate his pet theory of a conservative-conservative alliance. That is because he believes that it is the conservative-conservative alliance that will eliminate the current distortion where conservative forces and liberal and social democratic forces are each divided into the ruling and opposition parties. In that sense, the words and actions of Watanabe will be a litmus test divining the future of the political world.

According to the words spoken by the real politician Michi Watanabe in the news coverage by the author and the testimony of politicians who have worked around him, that is close to the truth of political reorganization and the backstage political situation, which has been in turmoil for the past year.

What He Said Will Be Implemented

First of all, the Murayama regime was born as the result of a reversal. Beyond that, how does Watanabe assess the policy change of the SDPJ that surprised public opinion?

"It cannot be helped that this was decided. My voting for Kaifu was a matter of not being able to vote for a man who advocates different principles and it was not difficult. However, it cannot be helped that it was created the same as law.

"However, who could have imagined in terms of common sense that Murayama would fling aside to that extent the principles he has advocated so far and breach matters not seen in dreams? If Murayama had acted under those conditions from the very start, I probably would have supported him also. However, at the time that they formed the coalition with the LDP, it was an abstract story of a moderate policy agreement. Specific approval of the Rising Sun flag or *Kimigayo* [national anthem] or firm adherence to the U.S.-Japan Security Treaty are not written anywhere in the policy agreement. Ultimately, since he has stated them in his Diet keynote address and in replies to representative interpellations, it seems that they will be opposed in the party convention, but since he cannot back out, this has happened. There are people who say that, as a leading figure in the LDP, I have an obligation or a responsibility to support this cabinet, but I don't think such a thing at all. At any rate, have him do what he has said. If he does so, I will not oppose this regime. I am not in a move to topple the cabinet."

In short, it is fine if they act according to the policies of the LDP. It is a very realistic, rational, Watanabe-like assessment. At the same time, it is an expression that fully transmits his strongly rooted distrust of the SDPJ.

On the other hand, I believe that a serious problem for Watanabe is the political map of ruling and opposition parties in which the lineup centered on Yohei Kono, Ryutaro Hashimoto, Ichiro Ozawa, and Yoshiro Mori who were born in double digit Showa years [after 1935] is firmly rooted. What is the view of Watanabe from the Taisho [1912-1926] generation?

"Politics is a repetition of history. Man has made no progress for 2,000 or 3,000 years. When you think about the tiny LDP today or the political changes of the SDPJ, it resembles the Spring and Autumn Period of China [770-476 BC] Consequently, people with a wealth of experience make fewer mistakes. If the whole body is healthy, age doesn't matter much, does it?"

I will introduce it later, but they are words in which can be read the spirit and self-confidence of Watanabe's opposition to the change of generations that he "will continue to be a politician for another 10 years."

Substantive Encounter With Ozawa

It is Ichiro Ozawa who can be called the politician who has most influenced the political actions of Watanabe this past year.

Watanabe, who won his first election in 1963, and Ozawa, who won his first election in 1969, are two people who both boast long careers as Diet members, but amazingly, they had no association at all until three or four years ago.

"I knew him, but we were not that friendly and never ate or drank together. I knew that he was the pet of (Shin) Kanemaru, but I first spoke with him when he was chairman of the Steering Committee over 10 years ago."

The first time that Watanabe spoke lengthily with Ozawa was at the beginning of 1991 when Ozawa was secretary general of the LDP. It was the problem of the approaching Tokyo governor's election. It was the time when Ozawa had former NHK [newscaster] Hisanori Isomura run against the incumbent Shunichi Suzuki and was bathed in criticism by the prefectural elected LDP legislators, including the LDP Tokyo Prefectural Liaison Committee.

Watanabe and Ozawa played golf together through the mediation of Toshio Yamaguchi who was secretary general of the Watanabe faction at that time.

"When I asked if he was running some NHK fellow that we knew nothing about, he said, 'At any rate, Suzuki is no good. He is not popular and he is old and he cannot win. It would be good if there were some other candidate that the Komeito would support. If there is, please tell me.' I quickly said that I didn't know. A person that Komeito will support probably means the Soka Gakkai. 'If it is a person that Soka Gakkai will support, he will undoubtedly win if they go together with the LDP. He would have to win. Therefore, it is useless to argue. Right now, there is only Isomura.' That was our talk at the time. Much later, Ozawa said, 'It is unavoidable. In short, if we don't listen to what Komeito says to settle within the fiscal year the $9 billion (war expenses) for the Gulf war,' but it was a very unexpected talk."

He Has Courage But Is Hasty and Over-Confident

On the occasion of the political change in April, Watanabe was dancing to Ozawa's tune, so to speak, and partially was playing the clown. Amazingly, however, he does not have the smidgeon of a grudge against Ozawa, and undoubtedly is favorably disposed toward the political attitude of Ozawa, whose methods are rough, but who faces problems squarely. For that very reason, Watanabe's criticism of Ozawa is very interesting.

Watanabe says, "I watched his style of work as secretary general and, although he does not talk glibly, I could tell very well that he was a man of action. He has courage. However, I have seen that he somewhat overdoes things with over-confidence. I later saw that he also has misapprehension on the PKO [peacekeeping operations], thinking on the Constitution, and problems with the United States... that we may be getting bogged down a little too much with the United States and I think that his direction may be good. However, it is a matter of doing everything without any consideration of all the ways to do it. There is no laying of groundwork. Therefore, cracks are created here and there and turmoil occurs. He is a very courageous politician, but he must proceed without being hasty in procedures and methods. It is meaningless if there are setbacks by acting quickly. I have told him once or twice. He says, "I am well aware of it," but it seems that he does not understand it at all.

The pipeline between Watanabe and Ozawa that was joined together on the occasion of the prefectural governor's election became fatter with the LDP presidential election a half year later.

Taking responsibility for defeat in the prefectural governor's election, Ozawa resigned as secretary general, but as the successor to Shin Kanemaru, chairman of the Takeshita faction, the biggest faction in the party, he sat in the seat of acting chairman of the faction and virtually was in the position of deciding who would succeed Kaifu. Then, right in the middle of the presidential election, Ozawa had interviews in his own private office with the three presidential candidates—Kiichi Miyazawa, Watanabe, and Hiroshi Mitsuzuka. He was bathed in criticism of "How conceited!" but Watanabe was unconcerned.

"There was no summons. Both our offices were in the same building and since I was the one who requested it, I went there. In any case, he did it because Kanemaru told him to do it. He was absolutely obedient to what Kanemaru said. As to who would be suitable, Kanemaru was by no means, but Ozawa was a Watanabe supporter. So, I was very grateful."

The relationship between Watanabe and Ozawa rapidly got closer due to the two events of the prefectural governor's election and the presidential election. That relationship did not change in the fall two years ago when the Takeshita faction split and Ozawa was isolated in the party.

Rather, it is probably accurate to say that it became closer because the affiliated political party of the two changed due to the LDP stepping down and the the Hosokawa regime being established in summer last year.

"Ozawa said about his departure from the LDP, 'There would not have been an opportunity to leave the party if there had not been a vote of no confidence in the Miyazawa cabinet. There would not have been justification for raising the banner of Shinseito.'"

Watanabe and Ozawa, whose positions on principles overlap in their views on the Constitution, international contribution, dealing with the tax system, and basic thinking on political reorganization, frequently have contacted each other since the beginning of this year.

"It doesn't matter if I talk about it now, but there also were telephone calls, about two, and we also met. When we met, we talked for two or three hours. Actually, what he said was that it was definite. The course had been set. He had made a schedule that we would do this on X day of some month and thus on the next X day, and everything was driving to that point."

Ozawa, who studied "monarchism" from two people, Kakuei Tanaka and Noboru Takeshita, is well versed in the House Steering Committee and Diet Policy Committee conditions and his power to read the schedule in the distant future and the power to realize it vie for first and second in the political world. On the other hand, Watanabe, who speaks in Tochigi dialect and can see broadly at one glance, is qualified as a licensed tax accountant and has an eye for details such that he even checks office expenses himself. In these aspects, the two mutually rely on each other.

It was during the "April change of government" surrounding the post-Hosokawa regime when the sounding board between the two vibrated the greatest.

After about two weeks of vacillation, they decided that Tsutomu Hata, head of Shinseito, would be the next prime minister, but while he had proclaimed his departure from the party, Watanabe staged an incomprehensible retraction drama. Why did Watanabe make a stand with the LDP to the point of deserting his colleagues who left the party to support him? Let us investigate this point in question, interspersing testimony of politicians who were around Watanabe.

Surprising Details of Secret Conference on 1 April

There was an article in the YOMIURI SHIMBUN dated 10 April that should be noted. "On the 1st of this month, after having returned from a visit to both Italy and Britain, Ozawa had a conversation with Watanabe and demanded, 'You should leave the LDP and act together with us as prime minister to surmount the difficult situation.' It is said that Watanabe did not show a wholly negative expression. Actually, Watanabe had instructed his associates that, 'You should be prepared to be able to deal with various possibilities.'"

When I inquired about the authenticity of this article, Watanabe is still closemouthed. However, when I proceeded to gather news from his associates, the details of this 1 April conference became clear. It was at this time that Ozawa informed Watanabe that in a week, on 8 April, Morihiro Hosokawa would announce his resignation as prime minister.

More surprisingly, on this occasion he surmised that Watanabe would be the succeeding prime minister after X-day (Hosokawa's resignation) and indicated to Watanabe the schedule even for "Watanabe's departure from the party to the election to designate prime minister to formation of the cabinet."

As previously written, Ozawa was the cause. Undoubtedly that schedule was filled in so precisely that Watanabe could not make an objection.

Then, the two met on 7 April, the day before Hosokawa's announcement of his resignation. Piecing together some testimony, Ozawa reported thus to Watanabe.

"At any rate, departure from the party is the premise. Shinseito will not last if you remain in the LDP. Since Hata is head of the party, he will not support you in the LDP. There will be no justification unless you have bolted, saying that it is because the LDP is no good."

Watanabe dodged the repeated proposals of Ozawa, saying, "I cannot make an easy reply because that is a serious matter." However, the chance of realizing the conservative-conservative alliance which was his pet theory had come about with unexpected speed.

Thus, the stage for the "April change of government" and the actors were assembled the day before the curtain opened.

"He Absolutely Will Run"

On the other hand, there was a group who planned to support the running of Watanabe in a completely different dimension from the Ozawa side. That was Seiichi Ota (currently Jiyuto [Liberal Party] representative secretary general) and others who were representatives of the "Liberals" policy group created by LDP reformist Diet members.

Ota says, "When you talked to the people who were in the LDP when it fell from political power, were troubled about the party, and wanted to govern this country somehow, ultimately the only conclusion was Watanabe."

It was 8 March. Ota talked with Watanabe in Watanabe's office in "Palais Royale," an apartment house in Nagatacho. It was the first time that the two had talked alone. "What I talked about was the fact that LDP versus non-LDP opposition was now meaningless. I developed my pet opinion that if there is a request to join the cabinet from the coalition side, we should accept. Watanabe only nodded silently about that proposal, but I am convinced that our opinions agreed. Since talk of Prime Minister Michi [Michio] immediately appeared when Hosokawa announced his resignation on 8 April, I thought that there was a chance." It was 11 April, Monday. The "Liberals" held an emergency general meeting and set up candidacy support for Watanabe in the election to designate the prime minister. Then on the 12th, they visited Watanabe at the "Palais Royale." Watanabe frankly stated thus in front of them.

"I am leaving the party. I absolutely will run. Please tell the group of reporters outside about my firm resolve."

Accepting these words, the "Liberals" proceeded straight ahead in support for Watanabe.

Was Noon on the 17th Deadline for Leaving the Party?

On the other hand, there was a great deal of shaking in the Watanabe faction. Taku Yamasaki, who is recognized by both himself and others as the closest associate of Watanabe, had drawn a line with Watanabe from an early stage, considering that "I was opposed to splitting up the LDP even if talking of a conservative-conservative alliance. The Ozawa concept on that was self-centered and he was attempting to extract part of the LDP. I could by no means participate in that." The structure within the faction finally converged on opposition to leaving the party, but among the Diet members who planned to act together with Watanabe even to the point of leaving the party was Masaaki Nakayama, secretary general of the faction.

Like Ozawa, Nakayama won his first House of Representatives election in 1969. Ozawa has a devoted friendship with him and calls him "Machaaki-sensei." Perhaps because of this, a person on the Ozawa side designated "Machaaki-sensei" as the emissary on the Watanabe side. A talk between just the two, Ozawa and Nakayama, was held once only secretly in Tokyo. It was on the night of 15 April.

"Ozawa said, 'Shintaro Abe, to whom I was greatly indebted, is no longer in this world. He is not taking his place, but I would like by all means to make Watanabe prime minister.' We spoke perhaps for an hour. He said, 'At any rate, I would like Watanabe to declare his intention to leave the party.' Viewing his earnest manner, I thought that if this is the case, I will try to do it."

However, the greatest disparity in perception in the talk between the two was the deadline for Watanabe's declaration of intent to leave the party.

The Ozawa side testifies that "the reply from Watanabe was that he promised that it would be by noon on Sunday, the 17th, when Foreign Minister Hata returned from an Uruguay Round cabinet conference being held in Morocco," but Nakayama even now refutes it, saying "There was no such deadline."

It was the 17th. At 9 o'clock in the morning, Ota spoke on the telephone with Ozawa. Ozawa clearly asserted, "More than anything, Watanabe's resolve is necessary. Then, supported with that great resolve, I will persuade 260 Diet members on the coalition side. Therefore, I want him to take the leap."

Hearing this, Ota promptly transmitted Ozawa's intentions to Watanabe.

"However, the response of Watanabe on the phone was strange. Though I was saying such an important thing, he was inattentive. I thought it peculiar and went to his Palais office in the afternoon, but he was surprised, 'What, you spoke with Ozawa?' He had not heard what had been said on the telephone at all."

Then, finally after 1400, Watanabe announced his departure from the party, "I cannot become it (prime minister) with just the support of the LDP. Since it has been the request of many people, naturally I will disaffiliate myself from the party."

Why Was the Decision Delayed?

However, the timing designated by Ozawa already had passed. In the form of accepting Watanabe's announcement on leaving the party, Nakayama tried to contact Ozawa, but Ozawa had disappeared. At that time, Ozawa had gone to the theater in Tokyo to see *Peter Pan*. Then a person who had become a pipeline between Nakayama and Ozawa notified him, "The deadline has passed. Disarm yourself," and they abandoned the Watanabe side.

Why was Watanabe's decision delayed? Was the final deadline of noon on 17 April really transmitted to Watanabe? Was there really such a deadline in the first place? Actually, on 18 April, Ota left the party in advance, considering that, "It will prompt a decision by Michi." Since there had been a cautious view within the group about leaving the party in advance, Ota and others who had gathered at Watanabe's office on 16 April before that conveyed to Watanabe that, "There is a proposal to leave the party in advance, but inherently there should be other people who ought to be daring soldiers for you. Since such people are not acting, a move by us is unreasonable." They were about to stand, saying that they would be with him when he left the party when Watanabe turned to Koji Kakizawa of the "Liberals" who was there and entreated him, "But listen, please do it (leave the party in advance). Please do it." Could a politician attached to political power this much forget an imminent deadline the next day? More than that, it is extremely incomprehensible that he would not leave the party and leave Ota and the others in the lurch. At the time, there were anxious rumors about Watanabe's health in Nagata-cho. It was said, "He is in an abnormally agitated state and takes medicine to sleep." It was said, "He has jaundice and went for a checkup at Tokyo Women's Medical College." In any case, it still is a matter of lies that the man in question has not denied. However, the words and deeds of Watanabe on these two days are difficult to understand by common sense.

Not Acknowledged by Hata

Let's have a statement from the mouth of Watanabe here on the series of events.

"Ozawa did not try to deceive me at all. However, the final judgment was that it would be impossible (to become prime minister even if he left the party). I carefully checked it out also and if I went (to the coalition), the SDPJ would all withdraw from the coalition. But, Ozawa said that 'about 30 would stay.' I thought it was doubtful. The Japan New Party also would be troubled and about 10 probably would leave. If it had been all right for me to stay in the LDP, they could have done it with a bold plunge. If the LDP also participated, it would be greatly welcomed as a ruling party. However, since some said that they did not need the LDP, the LDP has been more and more opposed."

On the morning of the 18th, Nakayama held a parley by telephone with Hata in Watanabe's office. Watanabe listened patiently to the give and take between the two, Nakayama and Hata.

Watanabe says, "Hata said, 'Is that fellow Ozawa still saying such a thing?' Hata said, 'In any case, even though they say Hata would be fine, if the SDPJ and the Democratic Socialist Party were to turn it over to Watanabe, an outsider, without putting up a candidate, Shinseito would split.' Therefore, this was impossible. Ozawa says that happened because my decision was late. If I had decided while Hata was not here, he would have thrown up his hands and given up when he returned. This too was a high-handed matter."

Ozawa, who stuck strictly to an LDP split, would have tried to unite the coalition ruling parties with Watanabe as prime minister while Hata had gone to Morocco if Watanabe had left the party. Therefore, the deadline for Watanabe's decision was the cutoff at noon on 17 April when Hata would return home. It was indeed a strong-arm Ozawa-style method. On the other hand, by making himself prime minister, Watanabe was attempting to join together again the LDP and coalition side (or rather Shinseito), somewhat approaching a conservative-conservative alliance with the distortion eliminated. This difference in perception was never buried.

So, the reason that it could not be decided was the problem of "numbers." Ota testifies that Ozawa "stressed even one would be fine," but Watanabe states in a few words that "It was a difference of views." He is hinting that Ozawa's hurdle was higher than expected.

The Hata cabinet was created by Watanabe abandoning departure from the party, but the stab-in-the-back unified party "Kaishin" rebellion in the House invited SDPJ departure from the regime and Prime Minister Hata resigned in a scant two months. The opposition of the LDP and SDPJ to the "Ichi-Ichi line" of [Ichiro] Ozawa and Yuichi Ichikawa, Komeito secretary general, gave birth to the Murayama cabinet with the head of the SDPJ as prime minister, and although the LDP achieved its cherished desire of restoration to political power with "an unexpected occurrence," it spurred more and more the chaotic state of Japanese politics.

Ota, who left the LDP in the "April political change" and currently is working hard toward formation of the new-new party as representative secretary general of Jiyuto, still regrets Watanabe's abandoning his departure from the party.

"It is really a shame that Watanabe ultimately could not decide. It is a tragedy since, if a 'Watanabe regime' had been created, the political distortion would have moved in the direction of elimination and it would have become a regime that could advance the course of Japan with the sensitivity of existing liberals. I believe that we will get back on the right track some time, but the loss time is tremendously large. That is because there only will be confusion in the meantime.

Let's Debate the Constitution Issue Right Now

As previously introduced, Watanabe, who has "politics is experience" as a principle, clearly states that "I am not considering retirement at all. I will do it another 10 years." What in the world will he do in the future?

"Heading for the 21st century, we will have problems unless we create a base of sustained prosperity without inflation in Japan. Since the economy is going well, we have been pampered internationally. Everyone says, 'It is not money. It is a problem of the heart,' but there is no guarantee that problems of the heart will not become bad when the economy becomes bad. If there is, please show me. The deindustrialization of the economy, the flight of capital is proceeding, we have $130 billion in a trade surplus, and where is that money going? Isn't it all going overseas? It is a great mistake if we think that prosperity will be created vaguely."

"It is the same with the Constitution. They say, don't touch the Constitution, don't touch the Constitution. Isn't this the time when it must be touched most? For example, there is international contribution. The use of Self-Defense Forces at home is at an end. They will only be used internationally. If there is a request in the United Nations or a request from a country concerned, shouldn't we go rapidly at those times and not say something useless such as we will not go because it is dangerous? Then the Self-Defense Forces will be respected. The obligation of international contribution should be written in the Constitution. That is because the obligation to protect treaties is written in it. If only done with an expanded interpretation, it is like there is no Constitution."

His tone, as always, is full of spirit. He promptly rattles off what should be done. Compared to his days as foreign minister which was called a post-Miyazawa certainty, however, it seems that his power is somewhat waning. Is there a chance to stand at the top in the future?

"Farsightedness" of Man of Crisis

"I will go with Watanabe to the end," the words professed by Tsutomu Takebe, a Diet member directly affiliated with Watanabe, who has truly acted that way are very interesting.

"If we were to support Kaifu in June, I believe that we should have acted at that time (April). We were concerned about the electoral district situation of faction members and could not make a resolute decision. That probably was a limitation for Michi. When I think about the future, however, I think that it is good for Japan that Michi does not have a turn. There is the tax system, dealing with the United States, and dealing with North Korea. Whichever problem is raised, there is apprehension with the present Murayama regime. In that sense, I can fully imagine that a situation will come when it has to be Michi. Therefore, I would like to have him prepared so that he can sacrifice his life for the nation when the need arises."

Nakasone, who likewise voted for Kaifu in June, previously has criticized Watanabe and Ozawa as "men of crisis." It is sarcasm that Watanabe's turn can only appear in adverse times for Japan.

"Inscrutable are the ways of heaven. Good and bad luck are closely interwoven, and I am not so pessimistic nor so conceited. Since only one person can be prime minister, it doesn't matter who it is. It is a turn of the wheel of fortune at that time. I don't know if I would be able to do what I wanted if it were me. If 60 to 70 percent of my own ideas were realized, I should be able to sleep in peace with that."

Should be able to sleep in peace with that...

The next action taken by the politician with this "farsightedness" probably will be when he estimates there is a fair chance of eliminating political distortion. However, will he create that storm in the form of grasping leadership himself? That depends on how Watanabe makes use of the lesson of the "April change of government."

North Korea

Aerial, Land 'Staged War Exercises' Decried

SK0912043894 Pyongyang KCNA in English 0433 GMT 9 Dec 94

["Ever More Undisguised Play With Fire"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—The U.S. imperialist warmaniacs and the South Korean puppets Tuesday [6 December] staged war exercises against the North in the sky above Nyongwol, Phyongchang, Oeyon Islet and Kongju in South Korea, according to military sources.

Hurled into the war exercises were overseas-based flying corps and fighter bombers, assault, observation and reconnaissance planes belonging to the U.S. Airforce in South Korea and the puppet airforce, more than 400 military planes of different types in all.

Refueling tankers which were sent to the sky above the Asan Bay and the sea off Kunsan in South Korea incited a war atmosphere, refueling some 30 fighter bombers in an air war exercise.

The South Korean puppets fired more than 30 shells from tanks at Hwapho-ri area, Phaju County, and over 200 shells, 1,100 rocket shells and 18,000 bullets at areas adjacent to the Demilitarized Zone [DMZ].

They also brought hundreds of armed bandits and military vehicles into the DMZ and strained the situation, firing large-calibre machine gun bullets and smoke shells.

Such an undisguised play with fire is part of the premeditated moves of the U.S. imperialist warmaniacs and the Kim Yong-sam fascist clique to drive the situation on the Korean peninsula to the brink of war.

Paper Denounces 'War Game' Staged by ROK

SK0912103694 Pyongyang KCNA in English 1024 GMT 9 Dec 94

["Adventurous War Game"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—"The mobile exercise" now being staged by the South Korean puppet army is a deliberate, premeditated war game aimed at fostering North- South confrontation and war fever against the North among the South Korean people and rendering the situation of the Korean peninsula strained, says MINJU CHOSON today.

The escalating adventurous and reckless war exercises and military provocations of the South Korean puppets against the North are an open challenge to the desire of all the fellow countrymen for the peace and reunification of the country and to the trend of the time and never-to-be- condoned crimes against the nation, the analyst says, and continues:

The puppet clique which seek a fratricidal war, going against the trend of the time and the desire of the nation, will meet their doom, inviting bitterer denunciation at home and abroad.

If the South Korean warlikers, in defiance of our repeated warnings, continue screwing up the tension, they will be further isolated and rejected at home and abroad and will be held fully responsible for its consequences.

'War Frenzy' of 'Kim Yong-sam Clique' Denounced

SK0912061794 Pyongyang Korean Central Broadcasting Network in Korean 1224 GMT 8 Dec 94

[Commentary by Kim Ho-sam: "Reckless, Rash Act by the Bellicose, Divisionist Maniacs"]

[FBIS Translated Text] The South Korean puppets reportedly plan to conduct a large-scale mobile exercise in Inchon and Kimpo County, 7-12 December. Noteworthy is the fact that they will conduct this exercise by firing blank shots after deploying many tanks, helicopters, and other military equipment in broad daylight in populous downtown areas. We cannot help but say this is a war frenzy unimaginable in peacetime. Needless to say, this is a deliberate game of fire to lead the situation on the Korean peninsula to confrontation and war.

The war exercise commotions clearly show that the war frenzy by the Kim Yong-sam clique, which calls itself a civilian regime, has reached a very reckless stage. As known, the Kim Yong-sam clique recently conducted the Foal Eagle-94 joint military exercise frantically with the U.S. Forces on a scale as large as that of the Team Spirit joint military exercise. They have also conducted such military exercises as Shield and Tiger almost daily and endlessly perpetrated military provocations that gravely incite us. Without being satisfied with this, they are now perpetrating war commotions in the center of a city where people are concentrated.

As is well known, the DPRK and the United States have been successfully carrying out work to implement the DPRK-U.S. Agreed Framework, which was agreed on and adopted in Geneva. As a result, a new trend of detente has begun to prevail on the Korean peninsula. The Kim Yong-sam clique feels very uneasy and fearful over this trend of detente. This is because the bastards' ultimate goal is to achieve reunification after launching northward aggression and prevailing over communism. For this reason, the Kim Yong-sam clique has been viciously maneuvering for confrontation and war to reverse the situation on the Korean peninsula and block the implementation of the DPRK-U.S. Agreed Framework at all costs.

The Kim Yong-sam clique's perpetration of confrontation and war maneuvers is related to the crisis facing the bastards at home and abroad. The puppets, who had been making a fuss about an international cooperation system or sanctions under the pretext of our so-called nuclear suspicions, have met the fate of a dog that is futilely chasing after a chicken on the roof. Moreover, as the Kim Yong-sam clique's policy of relying on outside forces and its reform policy have been frustrated, extreme social chaos, disorder, and unprecedented social vice are prevailing throughout South Korea. In short, South Korea has plummetted into a total crisis, and the civilian Kim Yong-sam regime is in a precarious situation.

The Kim Yong-sam clique is trying to find an exit from this serious crisis by way of confrontation and war maneuvers. The bastards are trying to spread an utmost sense of a crisis and a sense of urgency among South Korean people and to inspire a sense of confrontation and war fever by perpetrating frantic war exercise commotions. In this way, they are trying to pacify the ever-growing discontent and resistance of people from all walks of life and divert the attention of people at home and abroad. However, this is a foolish rash act. This is also a mere desperate struggle like that of a drowning man grasping at straw. History doled out a stern judgment to the traitorous Kim Yong-sam clique long ago. The Kim Yong-sam clique's reckless confrontation and war commotions will only hasten its own destruction.

U.S. State Department Assesses Beijing Talks

SK0812225594 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 8 Dec 94

[FBIS Translated Text] On 2 December, a spokesman for the U.S. State Department revealed that the Beijing negotiations held between the DPRK and the United States on implementing the agreed framework were useful [yuik].

In a news conference, Shelly, spokesman for the U.S. State Department, said that the two sides held negotiations in Beijing from 30 November to 2 December and discussed the issue regarding the supply of light-water reactors to replace the DPRK's graphite- moderated reactors and related facilities.

She said the two sides reaffirmed their intentions to cooperate to ink an agreement for the provision of light-water reactors to the DPRK in conformity with the terms of the agreed framework and within the period stipulated in the DPRK-U.S. agreed framework announced on 21 October 1994.

She then stressed that the negotiations dealt with complicated issues, and were serious and useful [chinjihago yuik].

Media Cited on ROK's 'Chain of Accidents'

SK0912105194 Pyongyang KCNA in English 1031 GMT 9 Dec 94

["South Korea Isolated in Economic Relations"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—South Korea has completely lost its credit in economic and trade relations with foreign countries owing to a chain of accidents in construction business such as the collapse of the grand Songsu Bridge and fallacies of overseas enterprises.

The Munhwa Broadcasting Corporation (MBC) of South Korea deplored that South Korean business groups including Hyundai and Samsung took part in the construction of an oil storage tank in Thailand only to "fail to pass the technical examination."

Noting that a total examination of safety of the bridges and buildings constructed by South Korean construction businesses is being held in Malaysia, the radio deplored that they are spurned there with their popularity drooping rapidly.

Today the South Korean construction businesses have begun to be elbowed out of Southeast Asian and many other countries, losing public confidence. This is because of the ultra-large accidents occurring in South Korea one after another due to the anti-popular policy of the Kim Yong-sam group.

Recent issues of THE NEW YORK TIMES and YOMIURI SHIMBUN, reporting the collapse of the grand Songsu Bridge, a disastrous accident, said that big accidents have occurred in succession in South Korea and people's "trust in society is vanishing".

Foreign businesses are now withdrawing their joint venture investments from ongoing construction projects in South Korea, and are reluctant to make any more investments in South Korea, discouraged by the large accidents caused by defective works and unending fallacies.

Thus South Korea is forsaken, having completely lost its credit in economic and trade relations with foreign countries. Yet its rulers are on the run day in and day out to occupy the seat of the general director of the World Trade Organisation. This is the height of folly and impudence.

The puppets had suffered a deficit of 7,390 million dollars by November 17 this year, more than double that in the same period last year.

In this poor position, they eye the responsible post of the World Trade Organisation. This is an obtrusive act.

Facts prove that the Kim Yong-sam group is totally isolated and spurned in the international community, to say nothing of the South Korean people, and is wriggling in a bottomless bog.

ROK Allegedly Fabricates Conspiratorial Case

SK0812125994 Pyongyang Korean Central Broadcasting Network in Korean 0800 GMT 7 Dec 94

[Unattributed talk: "True Picture of Conspiratorial Case That Has Been Laid Bare to the World"]

[FBIS Translated Text] It has been laid bare to the light of day that the so-called brother and sister spy case made public by the puppet Agency For National Security

Planning [NSP] as a grave case was a vicious, smear drama fabricated in this devilish den.

As has already been reported, the true picture of this fabricated smear case was revealed in detail by Paek Hung-yong, assumed name Pae In-ho, who, as a NSP secret agent, was directly involved in fabricating the case, through his declaration of conscience. Consequently, the true picture has been proven by his own confession and material evidence presented by him.

The so-called brother and sister spy case is a false case in which in September 1993 the puppet NSP branded Kim Sam-sok, policy committee member of the Federation of the Antinuclear and Peace Movement of South Korea, and his young sister Kim Un-chu, employee of a department store, as spies linked with us in an attempt to eradicate the reunification and democratic forces in South Korea and to create an atmosphere against reunification.

The Kim Yong-sam fascist clique perpetrated the barbarous and ruthless atrocity of faking the brother and sister spy case according to a scenario of the NSP and of imposing prison terms upon them on charges of meeting and communicating with the antistate organization under the notorious National Security Law.

The NSP's fabrication of the brother and sister spy case shows as clear evidence that the NSP is the general headquarters that fabricates smear spy cases and that the people in South Korea may be branded and punished as spies at any time, being a scapegoat for the treacherous South Korean puppet clique to maintain its power.

The South Korean weekly magazine HANGYORE 21 dated 17 November and the 11 November issue of MINJOK SIBO, a Korean newspaper published in Japan, gave detailed accounts of the case under the respective titles "The NSP was behind the brother and sister spy case" and "Declaration of conscience of Mr. Paek, a secret agent involved in the Kim Sam-sok case."

Let us reveal the true picture of the case according to the confession of Paek Hung-yong, a NSP secret agent.

Confession of conscience: Paek Hung-yong, who felt a sense of guilt due to his involvement in the fabrication of the spy case, made public his declaration of conscience on 31 October in Berlin, Germany. He revealed in detail how he was picked up as a secret agent of the NSP and the detailed processes in fabricating the smear spy drama.

In his declaration of conscience he talked about the fact that his father had died in an industrial disaster and his mother died of lung disease and about his poor living situation at home and stated: When I realized monopolistic conglomerateurs, made up of less than 6 percent of the total population, exploit ordinary people, the majority of the population, I joined a labor union movement. When I returned to my small rented room on 31 December 1989, my elder brother was there. I turned my television set on, which was showing a scene with people in colorful dress. Tears came to my eyes as a watched this program. There were not any scenes congratulating our workers for their hard work throughout the year. This was a common occurrence. Since then I have been determined to engage in a cultural and art movement. [Name indistinct] banned a movie that I had produced, and the NSP made me a secret agent by taking advantage of my weak point [nayaksong].

In a bid to create an atmosphere against reunification the NSP has used inconceivable inhuman methods to suppress conscientious people who are engaged in the reunification movement, branding them as spies, and clamoring about this through the media.

The spy case involving Kim Sam-sok is among the spy cases I fabricated at the directive of the NSP. Kim Sam-sok and Kim Un-chu were nice reunification activists. It is indeed heart-rending that these persons have been branded as spies and are detained in prison.

[FBIS Translated Text] He said that just because the country is divided in half, the puppet government is not only suppressing conscientious people, but is also making many people, including himself, into good-for-nothing people, and stated as follows:

After I was enlisted by the NSP, my life was less than that of a human. Even sleeping and eating were for the benefit of the NSP. Life was a series of conflicts on whether to live like a crazy hunting dog of the NSP or to live a life worthy of man. Now, I want to live a life worthy of man. I do not have the right to ask the people for forgiveness. In his declaration of conscience, he looked back upon his criminal acts and cried out that if he is forgiven, he will make efforts to be reborn into a chuche-type man.

How was he degraded into a spy? To eat and live, Paek Hung-yong started to work at a young age—his teenage years—long before he was 20. He worked at the Hangyore Film Studio and was interested in the labor cultural movement. He was enlisted by the NSP after yielding to its threat, torture, and appeasement.

After the Hangyore Film Studio went out of business, he established the (Namnuri) Film Studio and created films with other members of the studio. When the screening of one of his films became impossible due to the police's suppression, he went to the United States and discussed showing it there with an organization run by Koreans.

The NSP, which watched his every move, extended its vicious antenna at him when he returned to South Korea from the United States. He exposed the pressure from the NSP:

A NSP agent came to my house and asked me to accompany him regarding an investigation of my films. We went to Seoul's Intercontinental Hotel, where a NSP section chief requested that I cooperate with them.

A person who is said to be in charge of U.S. affairs among the NSP agents, asked if a film produced by the (Namnuri) Film Studio was made with money from North Korea and if the scenario was written according to orders from North Korea. I said that the scenario was written through my own experiences and feelings, and the money used in producing the film was collected through fund-raising drives by workers.

Then he pressed if the money came from the Korean Federation of University Student Councils [Hanchongnyon]—the National Council of University Student Representatives [Chondaehyop] at that time. When I said there was no such thing, I was asked if members of the South Korean Youth League in the United States were linked with North Korea. I said the organization was not linked with North Korea.

Two days later, NSP agents came to my house and demanded that I go with them. They took me to a house situated at the foot of a mountain in Puchon, Kyonggi Province. I was questioned once again regarding the South Korean Youth League in the United States. When I continued to give insincere answers, they asked me whether I wanted to become like Yi Tae-chang and took me by car to a safe house of the NSP situated near Haeundae, Pusan.

Kim Song-hun, section chief of the NSP, said threateningly: We know everything about you, so do not lie any more. Are you linked with North Korea? When viewing your academic career, you do not have the capability to write a scenario and make films. This proves that someone is controlling you. If you tell us who he is, you can live in luxury forever.

When I said I did it all on my own, they did not let me sleep for three days. They said that even though we treated you well you are not cooperating. For those three days, they continuously demanded that I work with them and become an agent for them. If so, they said that I would receive an education in the United States and live comfortably.

When I refused, they mentioned my brother's name and stated: Your brother is wanted and we know where he is. Would you like us to arrest your brother? Then, they said that if I cooperated with them, they would release my brother. My brother was wanted for participation in the labor movement. He was in the terminal stage of tuberculosis due to hiding for six years. I realized that my brother would not survive in detention, and asked the section chief for one more week to give a final answer.

Around the end of June 1992, I decided I had to cooperate with the NSP for my brother. The NSP used me to fabricate the brother and sister spy case.

When Paek agreed to cooperate, the NSP began to use him as the perpetrator of the fabrication. His first instruction was to spy into the movement of the National Alliance of Youth and Students for the Country's Reunification [Pomchonghangnyon] in Japan and check if there was a connection between that organization and Chondaehyop.

The NSP sent him to Japan around July 1992 but he failed to fulfill the mission. In early October 1992, the NSP instructed him to spy into the relations between South Korea's society for the commemoration of Chon Tae-il and organizations related to Chon Tae- il in Japan. Around January 1993, the NSP repeatedly sent him to Japan and instructed him to invent a link between the Union of Socialist Democratic Youth [Saminchong] of South Korea and the League of Korean Youth in Japan [Chochong]. He returned to South Korea after failing to invent a link between Saminchong and Chochong. The NSP section chief told him: If you found a link between Saminchong and Chochong, you would have been highly commended by the superiors. Then, the section chief told him to fabricate a case. This shows how the NSP went into a frenzy about fabrication with bloodshot eyes.

Paek Hung-yong acted as a spy with the code name Azalea and code number 7353. In early May 1993, the NSP, which tried to fabricate an incident by all means, sent him to Japan to obtain North Korean films under the pretext that the films were to be distributed by Hanchongnyon. In July, he was instructed to invent an incident as soon as possible and identified the potential targets as Kim Un-chu and Kim Sam-sok. The NSP instructed him to obtain North Korean books from Japan and have Kim Un-chu receive them and then deliver the books to Hanchongnyon leaders. Paek Hung-yong did what he was instructed.

On 8 September, the NSP section chief told Paek Hung-yong that a messenger was delivering books from Japan and that Kim Un-chu will receive the messenger. He instructed Paek not to answer Kim Un- chu's calls and let her go alone. It was not until Paek Hung-yong heard from the NSP section chief the next day that Kim Un-chu was arrested in the act, that Paek realized the incident was fabricated. The section chief told Paek Hung-yong that a messenger came from Japan, but Paek did not know the messenger was Japanese.

According to Kim Un-chu, she was asked to interpret for a Japanese who Paek Hung-yong would introduce, however, since his Korean was so fluent, she felt it was not necessary to interpret for him and called Paek to tell him so. Since she could not reach Paek, she went to the place to meet the Japanese. She met the Japanese and received a bundle that looked like books. After she walked about 100 meters when they parted, the NSP investigators suddenly appeared and arrested her and told her that her brother Kim Sam-sok was also arrested. This is how the incident was fabricated.

Following NSP instructions, Paek Hung-yong spent about four months hiding in a fishing village operated by the NSP because some problems occurred during the trial of the brother and sister spy case.

He was reminded of the murder of Yi Tae-chang, who was forced to be a secret agent, and started to record the meetings with the NSP agents just in case. One of the two recorded tapes contained Kim Song-hun, section chief of the NSP, and Agent Yun Tong-hwan. Another tape contained dialogue with the NSP agents. On 1 September, he left South Korea on instruction by the NSP to spy into the atmosphere of the joint secretariat of Pomchonghangnyon in Berlin.

He brought the tapes with him, which he had left with a friend. He wanted to go to the joint secretariat directly but feared that the secretariat might be infiltrated. He wandered about and returned to Berlin. He did not know anyone in Berlin and felt uneasy about his personal safety. Fearing he might run into a NSP agent in Berlin and face the end with the discovery of the tapes, he handed over the tapes to a member of Pomchonghangnyon. Then, with the help of the German Green Party, which was introduced to him by Pomchonghangnyon, he called a news conference on October 31 and published a declaration of conscience. In the declaration of conscience, he exposed: I was a secret agent of the NSP and the spy case of brother Kim Sam-sok and his sister was fabricated by the NSP using me. When the truth of the brother and sister spy case fabricated by the NSP was exposed by Paek Hung-yong, it caused immediate controversy and strong denunciation at home and abroad. The South Korean Association of Attorneys for Democratic Society, which had long suspected the incident was a fabrication, immediately sent attorneys Yi Ki-ho and Yi Tok-u, who were in charge of the case, to Berlin. They received the tapes and statement from Paek Hung-yong.

During the investigation in Berlin, the attorneys discovered that Paek Hung-yong's targets were South Korea's Hanchongnyon, the General Federation of National Artists, the Council of Family Movement of Democratization, and the National Council of Bereaved Families of Democratization Movement. His particular job was to link the South Korean activist circles with Japan. They exposed that right before Paek Hung-yong left for Germany, the NSP agent told him that the incident of the Vanguards of National Salvation [Kuguk Chonwi] was produced by a lad who is younger than you and who has less experience in Japan. You can certainly do better.

When the attorneys returned to South Korea from Germany, some gangsters with bloodshot eyes tried to kidnap them at the airport, but fortunately the attorneys escaped. The two recorded tapes of Paek Hung-yong, his statement, the taped testimony recorded by the attorneys, and various investigation reports have become bombs to the Kim Yong-sam ring and the incident fabricators at the cursed NSP.

Various strata of South Korean society questioned how can such a shameless thing happen in the civilian era? Where is the Kim Yong- sam regime heading? Many people asked what was the difference between the so-called civilian regime and the military regime, and doubted if the Kim Yong-sam regime intends to protect the people. They are severely convicting and denouncing the fabrication with wrath.

This irrefutable fact clearly shows the anti-North, antireunification and antinational color of the NSP, the den of evil. This also explains why the dying traitor Kim Yong-sam is bawling he will not disband the NSP. For the democratization of the South Korean society and the reunification of the country, the NSP cancer should be blown up as soon as possible.

ROK, Japan Exchange Prelude to 'Reinvasion'

SK0912044394 Pyongyang KCNA in English 0439 GMT 9 Dec 94

["Military Exchange To Pave the Way of Reinvasion"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Military exchange between Japan and the South Korean puppets has entered a full-fledged stage. A fleet of the South Korean puppet navy will reportedly visit Japan on December 20, the first of its kind, under the name of "an envoy" and a Japanese fleet will pay a return visit to South Korea in the not distance future.

Regarding this as an indication that the military tieup between Japan and the South Korean puppets is being rapidly strengthened, a NODONG SINMUN analyst today says:

The mutual visits of fleets and the strengthening of the military collusion between Japan and South Korea are a move aimed at establishing an aggressive system against the Democratic People's Republic of Korea.

Yet they are claiming that Japan-South Korea "security cooperation" must be strengthened for "the stabilization of the situation in Northeast Asia," attributing this need to the DPRK. This is really a preposterous sophism reminding one of a thief crying "stop thief!" The reality proves that Japan and the South Korean puppets are the factor of instability that renders the situation of Northeast Asia strained.

The Japanese reactionaries intend to stage a comeback to Korea without difficulties by using the South Korean puppet clique as the guide through the tightened military collusion with them.

Intending to take a full-scale practical action after finishing preparations for overseas aggression, they have chosen Korea as its first target. It is mainly for the aggression of Korea that they are escalating the overseas dispatch of troops.

Through "a return visit of the naval fleet" to South Korea, the Japanese reactionaries seek to open the way of the visit of large warships, acquaint themselves with the geographical conditions of the Korean coasts and go ahead with the preparations for reinvasion.

The Korean people will never allow the South Korean visit of Japan's fleet which will pave the way of reinvasion.

The South Korean puppets must not serve Japan as its guide in its reinvasion moves but stop the treacherous act of making the fellow countrymen a scapegoat for outside forces.

Japan will have to pay dearly for the reckless moves for reinvasion.

Paper Urges Japan To Atone for 'Comfort Women'

SK0912044794 Pyongyang KCNA in English 0444 GMT 9 Dec 94

["Japan Urged To Honestly Atone for Crimes Concerning 'Comfort Women for the Army'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—The Japanese Government is vociferating that it "is planning to raise a fund based on donations by the people" for Asian women who suffered from sexual outrages by the Japanese Army in the past, and seeking "a way of extensive participation of people in this program" and will do it next year in which falls the 50th anniversary of the end of World War II.

In this regard an analyst of MINJU CHOSON today says:

This is a crafty trick which can not work with anybody, a trick motivated by an ulterior purpose of lulling the ever mounting world opinion concerning the issue of "the comfort women for the army" and gloss over the liquidation of the past.

The compensation for the barbarities of the Japanese imperialists in reducing more than 200,000 Korean women and other Asian women to sex slaves for the Japanese Army is not a matter to be solved by such honey words as "donation" and "charity" but a matter which must be settled by an explicit apology and compensation on the part of the Japanese Government.

The analyst further says:

The attempt of the Japanese authorities to evade honest repentance of and compensation for the issue show that they have no elementary conscience and sense of international morality and fully reveals their moral baseness.

Japan must honestly repent of its disgraceful crimes, punish those responsible for them and make an adequate compensation to all the victims to fully liquidate its crimes.

It can never evade the responsibility for the crimes committed by the Japanese imperialists in the past.

PRC, German Visitors at Statue of Kim Il-song

SK0912041594 Pyongyang KCNA in English 0412 GMT 9 Dec 94

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Members of a home-visiting group of Korean citizens in China called at the statue of the great leader President Kim Il-song standing on Mansu Hill in Pyongyang and laid a wreath and observed a moment's silence.

Head of the group Nam Su-nam said:

Longing for President Kim Il-song is growing deeper in the hearts of the Koreans in China as the days go by. The Koreans in China will more vigorously fight for the prosperity and reunification of the country with the rock-firm faith that the revolutionary cause of President Kim Il-song, the cause of socialism, is sure to win as it is guided by the dear leader Comrade Kim Chong-il.

All the Koreans in China will actively strive for the day when they will shout the hurrah of reunification, acclaiming General Kim Chong-il, the supreme leader of the nation, in the Plaza of Reunification.

Werner Adam, editor in charge of the foreign policy of the German paper FRANKFURTER ALLGEMEINE on a visit to Korea, also called at the statue of President Kim Il-song and paid a silent tribute to his memory.

Kim Il-song Dedicated Holidays, Sundays to People

SK0912042594 Pyongyang KCNA in English 0420 GMT 9 Dec 94

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—The Korean people, yearning after the great leader President Kim Il- song, are respectfully recalling his whole life in which he devoted everything to the motherland and the people.

President Kim Il-song, whom the entire Korean people follow with deepest reverence as the sun of the nation, legendary hero and peerless great man, made tireless efforts and exhausted his mental energy for the development and prosperity of the country and the freedom and happiness of the people even on 2,530 Sundays tantamount to seven years, on his birthdays and many red-letter days, not to speak of workdays till July 8, 1994, when he passed away, from August 15, 1945, when he brought the liberation of the country [sentence as received].

On 2,530 holidays he guided important meetings and major units of the national economy on more than 1,600 occasions and gave important teachings to officials thousands of times.

He had devoted numerous holidays to the country and the people since he dedicated his holiday, making his first greetings to the motherland and the people after his triumphal return and indicating the line of building a new democratic Korea on October 14, 1945.

He gave on-the-spot guidance to Wonhwa-ri, Taedong County, South Phyongan Province on January 6, the first Sunday of 1957 when he was organising and leading socialist construction, and then to tens of units throughout the country on over 50 occasions on many holidays of the year.

He spent over 200 holidays in on-the-spot guidance on 230 occasions till 1970 from 1967 when the task for completing socialist industrialization was raised.

He made endless trips of on-the-spot guidance in his lifetime, saying that he was happiest when he found himself among people and that he should go wherever there were people.

He matured his plan for accelerating the complete victory of socialism and national reunification in his office room on July 3, the last Sunday of his life, and guided a consultative meeting of leading officials in economic fields for hours on July 6, two days before he passed away.

The revolutionary feats of President Kim Il-song, who dedicated all his thinking, practice and rest to the country and the people with the noble idea of "believing in the people as in heaven", will be immortal through centuries.

Chong Chun-sil Frontrankers Visit Kim's Statue

SK0812052494 Pyongyang KCNA in English 0419 GMT 8 Dec 94

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA)—Participants in a meeting of frontrankers of the "Chong Chun-sil movement" Wednesday called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and laid wreaths and bunches of flowers before it and observed a moment's silence to honor his memory.

They were filled with a high degree of revolutionary zeal, resolved to make a new turn in their efforts for the betterment of the people's living by invigorating the "Chong Chun-sil movement" under the wise leadership of the dear leader of our party and people Comrade Kim Chong-il, remaining true to the lifetime intention of the great leader President Kim Il-song, who bestowed happiness on the people so that they may lead an independent and creative life to their heart's content under Korean-style socialist system centred on the popular masses.

People's Army Praises Kim Chong-il's 'Greatness'

SK0812213794 Pyongyang KCNA in English 1507 GMT 8 Dec 94

[FBIS Transcribed Text] Pyongyang, December 8 (KCNA)—The Korean People's Army song and dance ensemble has produced many songs lauding the greatness of Comrade Kim Chong-il, respected supreme commander.

In the recent three years alone, more than 150 songs were created.

Among them there are "Let Us Uphold Our Supreme Commander With Arms," "Comrade Kim Chong-il, Our Supreme Commander," "Kim Chong-il is Our Destiny," "Soldiers Extend Glory to Him" and many other songs singing of the pride and honor of the nation in acclaiming dear Comrade Kim Chong-il as the supreme commander of the Korean People's Army, which has provided a firm guarantee for carrying forward the chuche cause of army building to accomplishment through generations and strengthening and developing the People's Army into revolutionary armed forces unfailingly loyal to the party and the revolution.

"Our General," "We Will Lay Down Our Lives in the Fight for General Kim Chong-il," "Song of the Victor," "Nobody Equals us in Strength," "Let Us Sing of Victory Day," "Soldier's Honor in Defending Socialism" and other songs created around the parades celebrating the 60th anniversary of the founding of the Korean People's Army and the 40th anniversary of the victory in the fatherland liberation war powerfully inspire the officers and men of the People's Army and the working people in the accomplishment of the socialist cause for their profound content and high ideological and artistic value.

Some 60 songs created this year, among them "Oath to the General" and "Song of the Legend of the Home in Mt. Paektu", are widely sung among the people.

The writers and composers of the ensemble are making vigorous efforts to produce more good songs singing of the greatness of Comrade Kim Chong-il and the courage, resourcefulness and revolutionary spirit of the People's Army which is upholding the party and the leader with arms, defending the socialist system and accomplishing the cause of socialism.

Kim Chong-il Sends Condolence Message to Family

SK0912040494 Pyongyang KCNA in English 0400 GMT 9 Dec 94

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Comrade Kim Chong-il, the great leader of our party and people, sent a message of condolence on December 8 to the bereaved family of Novichenko, an internationalist, upon his death.

The message says:

Upon receiving the sad news of the death of Comrade Ya.T. Novichenko, an internationalist, from a long-drawn illness, I express deep condolences to the bereaved family of the deceased.

He performed a heroic feat for the Korean revolution by displaying the noble self-sacrificing spirit.

Though he passed away, his name will remain long in the minds of our people.

Progress on Chongnyu Bridge, Kumnung Tunnel Noted

SK0812054194 Pyongyang KCNA in English 0454 GMT 8 Dec 94

[FBIS Transcribed Text] Pyongyang, December 7 (KCNA)—The construction of the Chongnyu Bridge (the second-stage) and Kumnung Tunnel No. 2 is progressing apace.

Comrade Kim Chong-il, supreme commander of the Korean People's Army, on November 9 issued an order to officers and men of the Korean People's Army and the Korean People's Security Forces to build the Chongnyu Bridge (the second-stage) and Kumnung Tunnel No. 2 in Pyongyang.

The officers and men, upon receiving the order of the supreme commander, broke the ground with the unshakable faith, "When the party is determined, we can do anything!", and have done a large share of the project in a little more than 20 days since then.

The soldiers in charge of the project of the Chongnyu Bridge (the second-stage) had excavated 20,000 cubic metres of earth and tamped over 1,500 cubic metres of concrete by December 3.

The soldiers in charge of Kumnung Tunnel No. 2 have finished installing the equipment for the project and vigorously promoted the main project, excavating some 6,000 cubic metres of earth and rocks.

Industrial establishments across the country are supplying equipment and materials needed for the projects in time.

Kim Pyong-sik, Choe Kwang, Others See Film

SK0712085894 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 6 Dec 94

[FBIS Translated Excerpt] Under our party's plan and energetic guidance, installments of the multi-part feature film "The Nation and Destiny" have been completed continuously, pleasing our people.

Upholding the party's intention, the Korean Feature Film Studio recently produced the 19th installment of the multi-part feature film "The Nation and Destiny."

Cadres of the party and government saw the film today at the People's Palace of Culture. Those who saw the film were Vice President Kim Pyong-sik; Comrades Choe Kwang, Chon Pyong-ho, Han Song-yong, Choe Yong-nim, Hong Song-nam, Hong Sok-hyong, Kim Ki-nam, Hwang Chang-yop, Kim Chung-rin, So Kwan-hui, Kim Hwan, Kim Pok-sin, Kim Yun-hyok, Chang Chol, and Pak Nam-ki; members and candidate members in Pyongyang of the Workers Party of Korea Central Committee; senior officials of party and state institutions, administrative and economic institutions, and public organizations; generals of the Korean People's Army; anti-Japanese revolutionary fighters; senior scientific, educational, publication and press, literary, artistic, and public health officials; and professors and doctors. [passage omitted]

Kang Song-san, Others Visit Korean Film Studio

SK0912043094 Pyongyang KCNA in English 0425 GMT 9 Dec 94

[FBIS Transcribed Text] Pyongyang, December 9 (KCNA)—Party and government cadres visited the Korean Film Studio Thursday [8 December] on the lapse of 30 years since the great leader President Kim Il-song guided an enlarged meeting of the Political Committee of the Central Committee of the Workers' Party of Korea [WPK] at the Korean Film Studio.

He came to the studio on December 8, 1964, called the enlarged meeting and published the famous work "Let Us Produce Many Revolutionary Films Contributing to Revolutionary Education and Class Education."

The Korean Film Studio associated with the immortal feats of the leadership of President Kim Il-song has turned into a base of the chuche-based film production under the wise leadership of the dear leader Comrade Kim Chong-il and his meticulous loving care.

The studio on the outskirts of Pyongyang covering one million square metres has modern hooting instruments and equipment, indoor shooting places and location streets. Therefore, it produces many films high in ideological and artistic plane every year.

Politburo member of the C.C. [Central Committee], the WPK and premier of the Administration Council Kang Song-san, Vice-president Yi Chong-ok, Vice-premier of the Administration Council Kim Yong-nam and Chief of the General Staff of the Korean People's Army Choe Kwang who are Politburo members of the C.C., the WPK and other party and government cadres visited the studio.

They laid wreaths and bouquets before the statue of President Kim Il-song at the compound of the studio and observed a moment's silence to honor his memory.

The party and government cadres saw the historic site where President Kim Il-song guided the enlarged meeting, and made the round of various shooting rooms and location streets.

South Korea

Song: 'Discord' Delays Kim Chong-il's Succession

SK0912104794 Seoul YONHAP in English 1041 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—Frictions persist between hardliners and moderates in

North Korea over the extent and pace of the North's door-opening, Vice National Unification Minister Song Yong-tae said Friday.

Meeting with a group of senior reporters of major press medias, Song said the North's Administration Council is advocating a speedy and extensive door opening so as to resolve the economic difficulty the North is faced with.

However, the military and the Committee for the Peaceful Unification of the Fatherland are opposed to any sweeping door-opening on the ground that an extensive door-opening would result in the permeation of a wave of freedom in the North to the detriment of the maintenance of their system.

The vice minister said that Kim Chong-il is yet to decide the lingering disputes.

Observing that Kim Chong-il seems troubled over the issue of reorganizing his power structure, Song said it appears Kim Chong-il won't assume the party general-secretaryship and state presidency until this problem is resolved.

In the restructuring of the power system, Kim Chong-il is expected to remove aged "first-generation revolutionaries" and give them rather perfunctory duties like advisors, he said.

As to Kim Chong-il's health, Song said there are some health problems but his health is not so bad as to keep him from performing his daily work.

"For example, Kim Chong-il personally hands down instructions to provincial authorities," he said.

A host of problems seem behind the delay in Kim Chong-il's rise to full power, said Vice Minister Song, adding such problems could include discord between hardliners and moderates, restructuring of the power system and the antiseptic treatment of Kim Il-song's remains that takes at least six months.

U.S., North Disagree on Travel Across MDL

SK0912014894 Seoul YONHAP in English 0144 GMT 9 Dec 94

[FBIS Transcribed Text] Washington, Dec. 8 (YONHAP)—U.S. and North Korean negotiators may reach some sort of compromise at Friday's [9 December] talks on allowing American diplomats to travel freely across the Korean [Military] Demarcation Line [MDL], sources here said Thursday.

The two sides held their third session Thursday to discuss exchanging liaison offices and the scope of consular functions but left disagreeing on free travel, they said.

The negotiators will try again Friday, and there is a chance that a compromise can be hammered out.

Washington is demanding that its liaison office members be able to cross over the inter-Korean division line, but North Korea refuses on the ground that the line is not a boundary but a military demarcation.

It is unclear what decision Pyongyang will make regarding the issue, but a compromise may be found that allows U.S. diplomats to go back and forth under specific conditions or in special situations, the sources said.

The State Department plans to announce the outcome of the negotiations Friday afternoon.

Meanwhile, the department briefed the North Korean delegates Thursday on procedures for leasing and buying mission offices and rules for liaison office members.

The delegates were guided by department officials on a tour of buildings and sites they may be able to use as a liaison office.

The North Koreans later invited the U.S. negotiators to dinner.

U.S. Senators' Pyongyang, Seoul Visits Announced

SK0912021194 Seoul YONHAP in English 0153 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—U.S. Senators Frank Murkowski (R.-Alaska) and Paul Simon (D.-Illinois) will fly from Beijing to Pyongyang aboard an American military aircraft Sunday, a government official here said Friday.

The two senators will meet with North Korean Foreign Minister Kim Yong-nam and other government and party leaders to discuss faithful implementation of the U.S.-North Korea nuclear agreement reached in Geneva last October during their one-day stay, but it is not known whether they will meet Kim Chong-il.

On Monday, they will come to Seoul via the truce village of Panmunjom and meet President Kim Yong-sam and Foreign Minister Han Sung-chu for talks on the North Korean situation after Kim Il-song's death in July, while explaining their meetings with North Korean leaders.

The U.S. military aircraft carrying them to Pyongyang will fly to Seoul over the open waters of the Yellow Sea Sunday, after dropping off the two senators in Pyongyang.

Murkowski and Simon are set to leave Seoul Tuesday.

Kim Yong-sam-Walesa Summit Topics Previewed

SK0912030594 Seoul YONHAP in English 0254 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—President Kim Yong-sam will hold a summit with his Polish counterpart Lech Walesa, the first head of state from the East European nation to visit South Korea, to discuss ways of promoting mutual friendship and cooperation.

The two leaders will concentrate on reinforcing economic links through South Korean companies' participation in the privatization of Polish state-run enterprises, activated cooperation in the private sector, and expanded trade and investment, according to official sources.

President Kim will ask Poland to cooperate in helping Seoul take part in East European development projects, the sources said.

Exchanging views on the situation in Northeast Asia and Eastern Europe, the two presidents are expected to agree on strengthening cooperation in the international arena, including their bids for non-permanent seats on the UN Security Council and for admission to the Organization for Economic Cooperation and Development (OECD).

The two leaders are scheduled to hold a joint press conference following the summit talks.

Walesa's trip to Korea, the first of its kind since the two countries established diplomatic relations in November 1989, and his summit with Kim should provide new momentum for promoting friendship and cooperation.

Poland is Seoul's biggest trading partner in Eastern Europe, with two-way trade reaching 286 million dollars in 1993. The figure accounts for 40 percent of Seoul's trade with Eastern Europe.

Walesa will attend a state dinner hosted by Kim and First Lady Son Myong-sun in his honor at Chongwadae [presidential offices] Friday evening. On Saturday, he is scheduled to call on National Assembly Speaker Hwang Nak-chu and ruling party and opposition leaders at the National Assembly.

Walesa is to depart Seoul Saturday afternoon after attending a luncheon hosted by the chairmen of the four major business groups and touring Daewoo Motor Co.'s Pupyong factory.

President Walesa arrives at Seoul airport at 1 PM [0400 GMT] Friday, accompanied by an 18-member official entourage and 11 businessmen.

Polish President Walesa Arrives; Discusses Trade

SK0912093194 Seoul YONHAP in English 0825 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—President Kim Yong-sam and his Polish counterpart Lech Walesa, meeting for summit talks at Chongwadae [presidential offices] Friday afternoon, agreed to expand bilateral trade and investment and reinforce cooperation for joint economic advancement into third countries.

The two leaders also agreed to jointly seek construction projects in the European Union (EU), Eastern Europe and the Commonwealth of Independent States (CIS), and to promote economic cooperation in the private sector and in science and technology.

An accord was reached in which the two countries pledged to help each other in the international arena in their bids for non-permanent seats on the UN Security Council and entry to the Organization for Economic Cooperation and Development (OECD).

Following the summit, Kim told a joint press conference: "I explained to President Walesa our efforts to improve inter-Korean relations as well as the resolution of the North Korean nuclear issue. President Walesa responded that Poland will continue to support our efforts."

Noting that Poland is Seoul's largest trading partner among Eastern European countries and that their economies are complementary, Kim predicted that two-way trade will rise substantially in the future. "Our partnership in areas like politics, the economy, society and culture will be further promoted," he added.

Walesa's visit to South Korea, the first by a Polish head of state since the two countries formed diplomatic relations in November 1989, and the summit are expected to provide new impetus for substantial development of bilateral friendship and cooperation.

President Walesa is to attend a state dinner hosted by President Kim and first lady Son Myong-sun in his honor Friday evening at Chongwadae. On Saturday he will call on National Assembly speaker Hwang Nak-chu and ruling party and opposition leaders at the National Assembly.

The Polish president leaves Seoul for home Saturday afternoon after attending a luncheon hosted by the chairmen of the four major business groups and touring Daewoo Motor Co.'s Pupyong factory.

Walesa arrived at Seoul airport Friday afternoon aboard a special plane, accompanied by an 18-member official entourage and 11 businessmen.

Agrees to Joint Car Plant Venture

SK0912120594 Seoul YONHAP in English 1126 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—South Korea and Poland agreed here Friday to build a joint-venture automobile plant in Poland as part of efforts to expand their bilateral economic cooperation.

The agreement was made at a summit meeting held between President Kim Yong-sam and visiting Polish President Lech Walesa at Chongwadae [presidential offices].

President Walesa, in particular, agreed to lower his country's tariff on South Korean-made vehicles so that they could compete with those of European Union (EU) member countries.

Emerging from the summit, President Kim said Poland had agreed to lower its trade tariff on Korean vehicles as "our automobile exports to Poland are experiencing difficulties due to a high 35 percent tariff."

In the future, Kim said, conditions will improve for South Korea's exports of vehicles to Poland.

President Walesa, meanwhile, said his country won't yield to it even if North Korea asks for Poland's withdrawal from the Neutral Nations Supervisory Commission (NNSC), an international watchdog of the Korean armistice.

"When we are given international mandate, Poland will carry it through without yielding to any outside pressure or threat," the Polish president said.

He said unification will definitely come to the Korean peninsula. "Communism cannot succeed and will disappear from the Korean peninsula, too," Walesa said.

Hong Kong Governor Stresses Economic Cooperation

SK0912010994 Seoul YONHAP in English 0032 GMT 9 Dec 94

[FBIS Transcribed Text] Hong Kong, Dec. 9 (YONHAP)—Hong Kong Governor Christopher Patten said Thursday he intends to emphasize economic cooperation during his visit to South Korea next week, confident that no other Asian city can outdo or replace Hong Kong.

He will convey a clear message to South Korea's political and economic leaders that Hong Kong's prosperity will continue even after 1997 when it is returned to mainland China, that the year 1997 is "a comma," not "a full stop," Patten said at a press conference with South Korean correspondents here.

The governor threw his support behind South Korea's bid for the World Trade Organization (WTO) director-generalship and said his visit will focus on strengthening economic cooperation with South Korea.

Patten visits Seoul from Dec. 11-13, the first governor of Hong Kong to do so. He will be flying on to Japan afterwards.

No other city can catch up to Hong Kong, the governor said confidently, not even Singapore or Shanghai.

But Shanghai, once called the Paris of the East, could pull even in 15 years if it kept growing an annual 15 percent while Hong Kong stood still, he said.

Naming successful education, free trade, hard work and "rule of law" as elements that have enabled Hong Kong to prosper, the governor recommended South Korea seek the same in its globalization efforts.

He expressed condolences to the family members of Kang Sang-po, a South Korean who was killed in Hong Kong, but said that it was an isolated incident and that the crime rate in the British colony is on the decline.

Kang, 31, was killed in a shootout between police and a gunman last October when he was there on a business trip.

Kang was taken hostage by the gunman while returning to his lodgings in Aberdeen and died in the cross fire between police and the suspect.

A police report on the case was completed Thursday, and whether the police made any mistakes in handling the incident will be determined in court early next year, Patten said.

Commerce Committee Issues Annual Export Report

SK0912024694 Seoul YONHAP in English 0215 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—With projected imports of 236 billion U.S. dollars by the year 2010, South Korea is forecast to rank second among the top 10 big emerging markets (BEMs) of the United States, following the Chinese Economic Area (CEA) comprising China, Taiwan and Hong Kong.

"The National Export Strategy," the annual report to Congress by the Commerce Department's Trade Promotion Coordinating Committee (TPCC), predicted that America's most promising export markets are 10 developing nations, including South Korea, China, Indonesia and India, and that the BEMs' total imports in 2010 will expand to 1,326 billion dollars, up 2.2-fold from the current level, the Korea Foreign Trade Association (KFTA) said Friday [9 December].

The other BEMs are Mexico, Argentina, Brazil, South Africa, Poland and Turkey, the annual report said.

In terms of import volume in 2010, the three-nation CEA is expected to top the list with 577 billion dollars, up from 320 billion dollars last year.

The report forecast that South Korea's imports will increase from 84 billion dollars last year, tripling to 236 billion dollars by 2010.

Indonesia's imports will grow from 29 billion dollars to 97 billion dollars and those of India from 24 billion dollars to 79 billion dollars, it expected.

Total imports of the four newly emerging Asian markets in 2010 will reach 989 billion dollars while Japan will import goods worth 393.9 billion dollars.

Ex-U.S. Official Endorses Minister for WTO

SK0912091094 Seoul YONHAP in English 0721 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—A former high-ranking U.S. official has proposed that

Washington back South Korean Trade, Industry and Energy Minister Kim Chol-su as the first director-general of the World Trade Organization (WTO), an American trade and transportation journal reported in its Dec. 8 edition.

Michael Samuels, a trade consultant in Washington and former Deputy U.S. Trade Representative (USTR) and ambassador to GATT, said the United States should throw its support behind Kim "to expand GATT to cover more of the trade of developing countries, and to see to it that more of those nations follow the rules of international trade."

In an article titled "WTO Head: If Not Salinas, Who?" which he contributed to the JOURNAL OF COMMERCE and co-authored with Bruce Aitken, a Washington lawyer, the former deputy USTR said selecting Kim would symbolize evolution, noting that all previous GATT directors-general have been Europeans.

Samuels and Aitken maintained that "naming a Korean would make it easier to keep other Asian countries involved in ongoing worldwide trade talks," reminding that "the Asia-Pacific area now comprises the largest portion of world trade."

"Asia is increasingly important in international trade and GATT should reflect that.

"Choosing Kim also would buttress a U.S. trade policy that seeks to emphasize the Asia-Pacific region, as the recent efforts at the Asia-Pacific economic cooperation forum in Indonesia showed.

"It would also send a consensus-building signal to developing countries, many of which feel the Uruguay Round ended without giving enough attention to such issues as anti-dumping laws, subsidies and textile liberalization.

"Moreover, Korea is a perfect country to bridge the differences between industrialized and developing nations, since it is one of the few to have formally crossed that bridge in recent years," they asserted.

The co-authors also noted that the world's two most powerful economic organizations, the World Bank and the International Monetary Fund, are currently headed by an American and a European, respectively. "Selecting an Asian to run the WTO would be an important political development."

The two men urged the U.S. Government to support Kim since a review of the votes makes it clear that former Mexican President Carlos Salinas is unlikely to win election.

The United States has been backing Salinas as the first WTO director-general in consideration of its relations with Mexico and the role of the North American Free Trade Agreement (NAFTA) in world trade.

Samuels and Aitken expressed concern over European domination of the Organization for Economic Cooperation and Development (OECD), whose secretary-general is currently a European, as well as the WTO in the event Washington supports Renato Ruggiero of Italy, the third and last candidate for the WTO's top post.

"U.S. support for Mr. Ruggiero also would appear to the rest of the world as another U.S.-European alliance. Indeed, much of the world indeed is suspicious of U.S.-European links. In this instance, there is no good reason to perpetuate these feelings."

Various Customs Duties Subject to Increase

SK0912000194 Seoul THE KOREA HERALD in English 9 Dec 94 pp 8, 10

[FBIS Transcribed Text] Washing machines, crystal products and cosmetics brought in by travelers, those moving into the nation or sent into the nation by mail will be subject to higher simplified rates of customs duties, special excise and other taxes beginning Jan. 1 next year.

The Ministry of Finance said yesterday that the simplified rate on washing machines and crystal products will rise from 35 percent now to 45 percent.

The rate on cosmetics other than facial cream and lipsticks will rise from 35 percent to 40 percent, the ministry said.

The government will also lower rates on large refrigerators, large color TV sets, video cassette recorders, TV cameras, coffee and cocoa from the current 50 percent to 45 percent, the ministry said.

Precious stones, golf clubs and 16 other expensive or luxury items are not subject to simplified rates, but separate rates of customs duties and various taxes.

Ministry Reports Increase in Foreign Investment

SK0912120394 Seoul YONHAP in English 1044 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—Foreign investments in South Korea have been increasing substantially since the turn of the year.

Finance Ministry figures indicated on Friday a total of 1,204 million dollars in 576 projects were invested in the country in the first 11 months of this year.

The total represents a rise of 44 percent in the number of projects and 37.3 percent in amount over the same period of last year.

Of the total, new investments reached 598 million dollars in 368 cases, increases of 50.2 and 66.6 percent in projects and amount, respectively, over a year before.

The growing foreign investments were attributable to the recovering domestic business, a set of government steps to spur foreign investment and simplification of investment procedures, a ministry official said.

Combat Capability of Armed Forces Questioned

SK0912094094 Seoul CHOSON ILBO in Korean 9 Dec 94 p 3

[Editorial: "Questionable Combat Capability of the ROK Armed Forces"]

[FBIS Translated Text] After the recovery of peacetime operational control of the Armed Forces, we expected the morale of our Armed Forces to rise. The truth seems to be just the opposite, according to recent reports. The U.S. WALL STREET JOURNAL, citing remarks by officials concerned of both the ROK and U.S. Armed Forces, reports that the combat readiness of the ROK Armed Forces is deteriorating.

In addition to appraisals from foreign media, the recent military-security seminar held in the country expressed worry about the combat capability of the ROK Armed Forces. In particular, a retired general deplored when an officer deserted his unit: The strong Army image of the ROK Armed Forces no longer exists.

In fact, it is undeniable there is a serious problem in the training and discipline of our Armed Forces. Some units still undergo hard training by staying overnight in severe cold of below 10 degrees centigrade, but more often than not the Armed Forces are unable to conduct proper training out of fear that the training will cause accidents. Insufficient training is overlooked, but the commander is held responsible once an accident occurs. This is the cause of the problem.

The passive attitude of the commanders, however, is not reducing accidents. Accidents of various types in the Armed Forces in 1993 was 7,328, twice as many as those in 1992 (CHOSON ILBO 3 December report). Of these, 92 percent involved military discipline, revealing the seriousness of the slack discipline of our Armed Forces.

Nevertheless, the military leadership has not come up with any plan to rectify this situation. If an accident occurs, they try to settle it with a makeshift measure. If a soldier makes an issue of a problem, they keep it quiet by making him retire. This may be the reason why brave soldiers tend to be passive in order to protect themselves.

While those on the outside are watching us with worrisome eyes, the meeting of key commanders of the Armed Forces held on 8 December stressed "the globalization of national defense." We are concerned that our Armed Forces are chiming in with others and are animated over "globalization," which is still a vague concept. It seems that the "continuous reform in the military," "diversification of external military cooperation," "strengthening of the state's competitiveness of the military" stressed in the meeting were taken from political slogans aimed at diverting the people's attention.

Now is the time the Armed Forces should stress ensuring internal substantiality by intensifying education and training and establishing discipline in an up-to-date meaning and content, before advocating "globalization." Of course, ensuring substantiality should not come about by employing the old doctrine: "The stronger the disciplinary punishment, the stronger the Army." In order to become a strong Army of the 21st century, our Armed Forces should become a scientific army and a think tank. To this end, our Armed Forces should not follow suit by chanting slogans, but make new innovations in education, training, and military discipline to make them a strong Army suitable for an age of democracy.

Noncommissioned Officers' Early Discharge Noted

SK0912132294 Seoul SISA JOURNAL in Korean 15 Dec 94 pp 32, 34

[Article by reporter Pak Song-chun: "'Insignias of Despair' Are Leaving the Army"]

[FBIS Translated Text] When we talk about the Armed Forces, there are invariably a few topics that stand out even in the era of the civilian government. One of them is that the nation can survive only if the Armed Forces survive, and another is that their backbone constituent elements should have the experience to make the Armed Forces strong. Who can then guarantee the Armed Forces' important experience which is as important as combat power? A National assemblyman, who is a former general officer in the Army, states definitely that "they are precisely the noncommissioned officers. [NCO's]" Since he is more familiar with the peculiarities of the military organization than anyone else, his explanation is persuasive. He adds: "If we take a look at units lower than the level of a company, there are only officers without experience. This being the case, noncommissioned officers are filling the gap between the commanding and subordinate system, and succeed to tradition by pacifying both officers and men with the esprit de corps.

In actuality, officers are supposed to transfer to another unit as frequently as migratory birds do. However, enlisted men cannot safeguard their units throughout their lives. The actual leading force in each unit is the long-term serving noncommissioned officers, who are so-called "stake." However, serious problems affecting the morale of the group of these noncommissioned officers, who are indispensable in the Armed Forces, have been raised recently. These are: Outsiders are gradually giving the cold shoulder to professional soldiers, and there are mixed feelings about the sense of alienation caused by remarkably inferior treatment to that of officers and anxiety over the days "after retirement" which will not guarantee their future. What is even more serious is that the number of noncommissioned officers, who have already left the Armed Forces and who decided to leave because of this, is increasing. An Army master sergeant, who has been in active duty for 13 years in the frontline area, said that "nine out of 10 long-term serving noncommissioned officers are thinking about early discharge from the Army. The problem does not appear to be serious because they do not talk about it," thus indicating the atmosphere.

Personnel Expenses Amounting to 43.5 Billion Won Remain Unused

Apart from this active master sergeant's explanation, the issue of early discharge of noncommissioned officers has already crossed the dangerous level. The actual status of early discharge of noncommissioned officers, which the Ministry of National Defense [MND] forwarded to the National Assembly during the Assembly investigation of state affairs last autumn, is a clear example.

Early discharge means that officers or noncommissioned officers are voluntarily discharged from active military duty even before they reach retirement age covered by the military personnel management act. According to the MND materials, the rate of early discharge of noncommissioned officers in the Army, Navy, and Air Force in 1993 reached 11.7 percent. In particular, the early discharge rate of noncommissioned officers in the Navy in 1992 reached 23 percent. The situation in the Air Forces is much the same. Of 100 noncommissioned officers in the Air Force, 12 to 13 left active service last year as soon as their compulsory service period expired. In the mid-eighties, the overall early discharge rate of noncommissioned officers was only 8.9 percent.

The side effects caused by their early discharge are not small. According to the MND report submitted to the National Assembly, a certain amount of personnel expenses were appropriated each year for low-grade professional soldiers, including company-grade officers and noncommissioned officers. However, the amount of this budget, which was not used in 1993, reached 43.48 billion won. Early this year, the government revised its national defense objective from a narrow concept of "defending the country from the enemy's armed invasion and backing the efforts for the country's peaceful reunification" to a broader concept of "defending the country from outside military threat and aggression and backing efforts for the country's peaceful reunification."

Even if all available financial resources were spent, they would not be enough to achieve this revised objective. It is inconceivable, therefore, that the ROK Armed Forces have returned appropriated funds.

The problems revealed by noncommissioned officers in the frontline based on their experience are even more serious. They said that the ranks of the upper and lower parts of the military are crowded, while the ranks of the middle part are insufficient. Therefore, various dangerous accidents have occurred. A certain Master Sergeant Kim, who served in an infantry division in the western frontline for 22 years, testified: "Artillery units, together with several hundreds of shells, move according to the order of each artillery team leader. In the past, a sergeant first class [the lowest grade of noncommissioned officer] was assigned as artillery team leader. However, for an unspecified period of time, its organization has been changed so that a sergeant assumes this assignment. The main cause for this is that the number of noncommissioned officers is decreasing. A sergeant is an enlisted man, no matter how veteran he may be. Needless to say, if a sergeant who will soon leave the Army undertakes the duty of leader of an artillery team, the team will face problems in its combat capability. Moreover, know-how on the operation of the artillery team, which has been accumulated for a long time through hard work, will become useless."

Difficulties in Getting a Job Even After Discharge

Looking into the situation in the Navy in the face of the serious issue of early discharge of noncommissioned officers, we easily come to know why noncommissioned officers want to be discharged early from active duty. Up until the early seventies, the time of on-ship and in-land service of officers and noncommissioned officers was approximately 20 to 80 percent. However, as a result of the combat power reinforcement project vigorously carried out by the Navy, the number of ships increased three times while manpower increased only 1.8 times. Thus, the rate of service on ship and in land reversed to 60 to 40 percent. According to a report submitted to the National Assembly, professionalism of work in the Navy has been gradually reduced recently while the volume of assigned work is increasing, thus showing a vicious circle. Since the period of on-ship service was extended and working conditions worsened, both officers and noncommissioned officers are unwilling to do long-term service.

Because of training throughout the year, the Army's noncommissioned officers assigned to the frontline area have to live apart from their family for a long time. They also have to endure various poor service conditions in the frontline. This is another reason why they want to be discharged earlier. An example of this is the case of a certain Master Sergeant Kwon (34) serving in an Army division in the western front. Sergeant Kwon participates in division training five times a year. The number of regimental training is nearly the same. In addition, he takes part in comprehensive battalion training, and has to take a battalion test during office-term of his battalion commander.

No one is allowed to go home once the training begins. The training lasts a minimum of two or three days but is often extended to approximately two weeks. Besides, since Sergeant Kwon is serving in the foremost frontline, he goes into the depth of the GOP [general observation point] from which he can return home only twice a week. It is quite natural for Sergeant Kwon, as young as others, to get an early discharge from the Army. Marrying early, he already has two children. He said: "I can sit at the dinner table with my children only once a week at the most. I am ashamed of myself when I see my family, not to speak of the fact that I am so tired."

Noncommissioned officers are soldiers and at the same time, they are professionals. Salary, educational opportunities, promotion, retirement and the like, are the standard for comparison of professionals. Living conditions of noncommissioned officers are remarkably inferior to those of workers on the similar level in general civilian business firms. According to a thesis of a National Defense Research Institute researcher, who compared the initial salaries of the military and civilian circles, the salary of a professional soldier is almost the same as that of the similar- level public servant, but is about 20 percent lower than that of employees in government-operated enterprises and 35 percent lower than employees of large business groups.

People desire to have their own house. Likewise, professional soldiers also desire to have their own house. However, the number of professional soldiers who have their own house is not high. According to the National Defense white paper released last October by the MND, only 45.7 percent of sergeant major and master sergeant grade soldiers with more than 10 years in the military as of the end of December 1993 have their own house.

Officers are also not an exception. Only 41.4 percent of lieutenant colonel and major grade officers who have served in the military for more than 10 years have their own house.

On the other hand, 84.1 percent of officers with the rank of full colonel and above who have served in the military for more than 10 years have their own house. This means that it will be possible for officers to afford their own house only after they are promoted to the rank of full colonel.

Another problem is that the employment status of noncommissioned officers who were discharged from the military after serving for more than 10 years is worse than officers. On the average, 41 percent of officers are employed after their discharge. Contrary to this, only 18 percent of warrant officers and noncommissioned officers are employed. In other words, this means that 80 percent of noncommissioned officers who will be discharged from the military every year are destined to be jobless. If this situation continues, it will be a serious social problem. In this connection, the disappointment of active duty noncommissioned officers is very serious. The case of a master sergeant named Kim, 40, who lives in Uijongbu is the same.

Master Sergeant Kim stressed: "Some specialist noncommissioned officers have worked on computers, electronic equipment, and heavy equipment in their unit compound. I do not think the level of their skill is sufficient to make a living in society after being discharged from the military. My age is now over 40. I am too old to learn new skills in the military. I have recommended that vocational training for new skills and technologies be conducted in the unit for old-timer noncommissioned officers who are to be discharged from the military soon. As a result, some of my recommendations have been accepted."

However, the problem is that vocational training has not produced satisfactory results. Many of the noncommissioned officers have tended to participate in this sort of vocational training just to avoid controlled military life and to kill time.

According to Master Sergeant Kim, most noncommissioned officers tend to be reluctant to leave the military because they know they cannot afford to live in society.

Soldiers Complain of Discrimination of Individuals by Rank

Of course, the military authorities have also made efforts to improve the welfare of noncommissioned officers. The MND has made efforts to retain as many professional soldiers as possible in the military on a continuous basis in an attempt to guarantee career security through such measures as the gradual extention of retirement age, the improvement of the personnel management system, and the provision of military-run official residences to more officers and noncommissioned officers. For example, the MND has extended the retirement age by rank in consideration of the military's current situation and in an effort to guarantee the security of soldiers' military careers. That is to say, sergeant major's retirement age has been extended to 55 and master sergeant's retirement age extended to 53. Thus, the retirement ages have been extended for two to four years.

The MND has also established a scholarship foundation for professional soldiers' children. The Hoguk [defense of the country] Scholarship Foundation, which was founded in July 1992, is precisely for this purpose. The Hoguk Scholarship Foundation provided 300,000 won grants to professional soldiers' children in 1992 and 1993, totalling 2.2 billion won. It has been learned that these scholarships are provided mainly to noncommissioned officers' children, who have a lower standard of living than officers' children.

Although not yet in effect, the MND has announced several rosy plans. For instance, the MND is considering a house rent fund to provide more official residences. The MND already fixed a plan to build 4,383 apartment units exclusively for noncommissioned officers by 1997 at the latest. To solve the unemployment problem, which is the biggest problem for an noncommissioned officer before discharge, the MND plans to expand vocational training, currently limited to some Army units, to all services. Vocational training is conducted by local administrative organizations, but the MND will allow training by private institutes or companies to complement the current training system.

Even if these goals are implemented without any setbacks, we cannot be optimistic about the problems of the noncommissioned officers. Those noncommissioned who want early discharge appear to have more basic frustrations than material complaints. The relative feeling of deprivation becomes serious when they compare their lives as professional soldiers with that of officers.

Master Sergeant Kwon, who serves at the Western front, said: "It is true we are paid less than the officers who enlisted at the same time as us, but that is a secondary problem. When we visited the U.S. Army, we saw that even regimental commanders carries his own meal tray. This is unimaginable in our Army, but they looked natural. There should be some discrimination by rank in the military, but the problem is that one's personality is also judged by rank." Master Sergeant Kim in Uijongbu said: "I gave up being treated as an individual by the officers of my age."

What is more serious than the relative feeling of deprivation is the feeling of being ineffective due to conflicts with the so-called new-generation enlisted men. Recent enlistees have more education and know more. On the contrary, most senior noncommissioned officers over 45 have a lower education. This being the case, senior noncommissioned officers are frequently ignored. Furthermore, beatings and violence, which had been effective means to control enlisted men, is strictly forbidden. Master Sergeant Kim of Uijongbu stated: "The one who controls morale in the barracks is not a master sergeant or a sergeant first class, but a young and smart senior enlistee."

As long as the conflict with officers and enlisted men continues, the trend of early discharge by noncommissioned officers will not stop. This will pose a great obstacle to the priority task of defense reform, that is, "to build an Armed Forces that can fight and win." The military should start with another difficult operation to enhance military morale of the noncommissioned officers.

Labor Union Strike Against Samsung Continues

SK0912024894 Seoul YONHAP in English 0232 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—The unions of three automakers—KIA, Daewoo and Asia—continued their work stoppage to protest the Samsung Group's entry into the car industry Friday [9 December] for a second straight day.

Union members held protest rallies at their respective companies in the morning and are to march toward Poramae Park for a joint rally in the afternoon.

But unionists at Ssangyong Motor Co. halted their strike, with only their leaders planning to attend the Poramae Park rally.

How long the auto workers' strike continues may depend on the fever of the Poramae Park rally, industrial sources said.

They added, however, that they expect the labor dispute to pass its peak at the weekend with strains starting to show next week.

Effects of Strike Analyzed

SK0912092294 Seoul YONHAP in English 0631 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—How long will the joint strike by three carmakers' unions protesting the government decision to let the Samsung group produce automobiles last?

With 1994 coming to a close in less than a month, a prolonged work stoppage would invite not only complaints from foreign buyers about delays in delivery but also deal a serious production setback to the industry.

A one-day strike at the three firms—Kia, Daewoo and Asia—results in a combined production setback of some 5,000 cars worth 50 billion won, or 62 million U.S. dollars, as well as losses for auto parts makers as supply to the three firms is suspended.

Facing this situation, the managements of the three firms are striving to dissuade the unions from continuing the strike, but union leaders have shown no signs of relenting.

Making the problem worse, the Fair Trade Commission, taking the strike and the three firms' joint campaign against Samsung's access to the car market as an unlawful collective action, has sent investigation teams to the three companies—enraging the management and unions of Kia, Daewoo and Asia.

But the prevailing view in the car industry is that the strike will peak at the weekend, because it is totally out of the question that the government will bow to the striking workers and revoke the announced policy of allowing Samsung to produce cars. A prolonged work stoppage would only damage the companies involved.

Heightening the strikers' disappointment, the unions of Hyundai Motor and Hyundai Precision and Industry, which represent nearly half of the auto workers' union, are not joining the strike, while Ssangyong Motor's union halted its strike Friday.

As things now stand, the three firms' striking workers are likely to return to work early next week as their chief executive officers are meeting with union leaders to persuade them to halt the strike.

There is a possibility, however, that the strike will continue into next week with increased intensity if a protest rally staged by the three unions at Boramae Park in Seoul reaches fever pitch.

Progress in Government Restructuring Reported

SK0912084494 Seoul YONHAP in English 0650 GMT 9 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 9 (YONHAP)—With state agencies affected by the projected reorganization submitting their proposed revisions to the Government Administration Ministry by Friday, readjustment work has begun in earnest.

The Ministry of Government Administration plans to formulate a final revamping plan after working over the weekend to readjust gaps between its original restructuring formula and the revisions proposed by the agencies.

Some difficulties are expected to arise in the readjustment process, however, as most agencies including the Economic Planning Board and the Ministries of Finance, Trade-Industry-Energy and Home Affairs have submitted revision plans which are more sweeping in scope than the guidelines issued by the Government Administration Ministry.

A Government Administration Ministry official speculated Friday that in view of the main opposition Democratic Party's stance, parliamentary approval of the central administration restructuring bill might come later than expected. "Should this be the case, there will be no need to stick to the current plan of finalizing the revamping plan by Monday," the official said, suggesting the possibility that the readjustment work may be delayed by a few days.

If no adjustment is agreed with individual administrative agencies, the Government Administration Ministry plans to prepare a final version mirroring its original formula, even resorting to coercive action by the presidential office.

The Government Administration Ministry's overhaul guidelines call for abolishing over 110 divisions in the central administrative agencies. They break down to 30 divisions for the Economic Planning Board and the Finance Ministry, 28 for the Trade, Industry and Energy Ministry, 26 for the Ministries of Construction and Transportation, nine for the Office of Procurement, about five each for the Home, Education and Agriculture-Forestry-Fisheries Ministries, four for the Culture and Sports Ministry, two for the Office of Information, and one apiece for the Health-Social Affairs and Government Administration Ministries.

On the other hand, the Fair Trade Commission, which will be transferred from the Economic Planning Board to the Prime Minister's Office, will have five additional divisions. Some of the divisions now subject to dissolution may remain through mergers or be transferred to other bureaus. The exact number of divisions to be cut will thus be known only after the readjustment work is concluded.

Shipbuilding Orders Decrease Compared With 1993

SK0912001394 Seoul THE KOREA HERALD in English 9 Dec 94 p 8

[FBIS Transcribed Text] Korea's new shipbuilding orders stood at 4.61 million gross tons (GT) in the first 11 months of the year, down from 8.93 million GT during the same period last year, the Korea Shipbuilders' Association (KSA) said yesterday, with domestic shipbuilders earning orders for 131 new ships.

Hyundai Heavy Industries Co. received new orders of 1.56 million GT for 29 vessels during the January-November period, compared with 1.26 million GT for 23 ships by Samsung Heavy Industries Co. and 818,000 GT for 19 ships by Daewoo Heavy Industries Ltd.

Hanjin Heavy Industries Co. earned new shipbuilding orders for 19 ships totaling 563,792 GT during the cited time and Halla Engineering & Heavy Industries Ltd. received orders for 16 ships whose exact figure in GT is not available right now, according to the KSA.

As of the end of November, Korea's shipbuilding backlog stood at 11.71 million GT for 244 vessels, enough to keep local shipyards fully operational for two years.

Local shipbuilders received combined new shipbuilding orders of 4.18 million GT in the first 10 months of the year, compared with Japan's 10.4 million GT.

"Local shipbuilders will receive at least 5 million GT in new shipbuilding orders this year, which is far below that of last year but it is an average level," a KSA official said.

Local shipbuilders earned orders of 4.38 million GT in 1990, 5.43 million GT in 1991, 1.64 million GT in 1992 and a record 9.51 million GT last year.

Japanese shipbuilders won combined orders of 11.19 million GT in 1990, 7.2 million GT in 1991, 5.87 million GT in 1992 and 6.92 million GT in 1993.

Exports of new ships are expected to rise 16 percent from this year to 5.56 million GT for 124 ships next year, up from this year's estimated 4.8 million GT for 101 ships, according to the KSA.

By company, Hyundai is forecast to export 42 ships amounting to 2.33 million GT million GT for 19 ships, Samsung's 1.09 million GT for 18 vessels, Hanjin's 349,000 GT for 12 ships and Halla's 140,000 GT for 5 ships.

Burma

Power of Intelligence Apparatus Examined

BK0912102294 Bangkok THE NATION in English 9 Dec 94 p A9

[Report by Aung Zaw]

[FBIS Transcribed Text] The DDSI is only whispered about in Burma, but in the cities especially many people believe they are being watched by the ruling junta's surveillance apparatus. Many see the DDSI (Directorate Defence Service Intelligence), headed by State Law and Order Restoration Council secretary Lt-Gen Khin Nyunt, as the real rulers of Burma.

On Nov 14 the State-run newspaper THE NEW LIGHT OF MYANMAR carried photos of Senior General Than Shwe and with other senior military officials attending the Fifth Kathina of the DDSI. They were wearing traditional dress and holding robes to be offered to Buddhist monks to mark the full-moon ceremony.

Observers in Rangoon were surprised by the front page report, in view of the low popularity of the DSSI. They believe Khin Nyunt must have pressured Than Shwe and Lt-Gen Maung Aye, who was promoted to vice-chairman of Slorc in early 1994, to attend—another indication that Khin Nyunt holds absolute power. "It is hardly surprising they are so afraid of the secret police chief," said a Rangoon resident.

DSSI has played a key role in Burmese politics since 1988 when the democracy movement forced Ne Win's regime to step down. Khin Nyunt then authorized sabotage tactics to create anarchy in order to pave the way for the military to take power. Since then the military intelligence services have played an important role in controlling the public and crushing pro-democracy activists.

A new development in Slorc politics is the appointment of Brig-Gen Tin Aye, former inspector general of the Defence Service, as deputy hotel and tourism minister under Lt-Gen Kyaw Ba. Rangoon did not give any reasons for the switch, but it is believed that Tin Aye was with Khin Nyunt and Judge Advocate Brig-Gen Than Oo at the October meeting with detained opposition leader Aung San Suu Kyi. At that time Rangoon-based diplomats suggested the presence of the armed forces inspector-general and advocate-general could mean the dialogue was getting down to a working level.

However, no one-exactly knows why Tin Aye was suddenly transferred. Was it a promotion? A former Burmese lecturer and a political analyst now in Bangkok said, "It is interesting why he (Tin Aye) was transferred to this position; I suspect there may be a problem (among Slorc leaders) regarding Suu Kyi, as whether they should release her or not in the near future." But he went on to say, "I don't think we should expect too much because most Slorc members, including their families, just hate her."

Emergence of Burmese Ethnic Alliance Viewed

BK0912080594 Bangkok THE NATION in English 9 Dec 94 p A6

[Article by Yindi Loetcharoenchok: "New Alliance Portends Defiance of SLORC"]

[FBIS Transcribed Text] Less than a month after the Burmese junta declared the Kachin and Shan states strife-free regions, eight armed ethnic groups which signed a ceasefire with Rangoon announced the creation of an alliance to fight for democracy and greater ethnic rights and autonomy.

Although the groups, which have retained their armed troops despite the truce pacts, have fallen short of declaring also a "united military force", the Peace and Democratic Front (PDF) is a clear signal of "ethnic unity" and an "open defiance" against its truce partner, the ruling State Law and Order Restoration Council (Slorc).

According to a Thai border intelligence officer, the alliance is "a new threatening force" as it controls about half of the territory of the Shan State and the northern area of the Kachin State. Their combined forces could be as high as 50,000 said the officer, who has monitored the Burmese ethnic activities for the past few decades.

The Front was formed at a meeting between Oct 28 and Nov 3 in the ethnic Wa headquarters' of Panghsang in eastern Shan State. The gathering was attended by leaders and representatives of eight armed ethnic groups and an ethnic Lahu political party, which had contested the May 27 general elections. The Lahu National Development Party, a registered political party which was later outlawed by the Slorc, participated in the meeting as an observer.

The eight PDF members include the United Wa State Party; the Palaung State Liberation Party; the Shan State Progress Party; the Kachin Defence Army; the Myanmar National Democracy Alliance Army (Kokang); the New Democratic Army (former BCP 101 War Zone in northern Kachin State); the National Democracy Alliance Army Military and Local Administration (former BCP 815 War Zone in north of Kengtung in eastern Shan State); and the Karenni National People's Liberation Front.

The PDF is headed by the Wa leader Chao Nyi Lai with Wa Commander Pao Yu Chang as his deputy. Lin Ming Xian, former BCP 815 War Zone commander serves as secretary of the alliance. Other PDF committee members include Palaung leader Col Aie Mong, Kokang leader Yang Mo Leng, and Kachin leader Ting Ring.

The groups, said the official, had held at least two secret meetings in China prior to their first official conference in the Shan State where their top leaders pledged to unite and cooperate in their fight for democracy, ethnic rights and greater autonomy.

The Kachin Independence Organization (KIO), the strongest ethnic group to have entered a truce agreement with the Slorc in February, did not attend the gathering, though invited, as it was engaged in its internal meeting to elect new leadership, according to a KIO spokesman here.

Thai security and intelligence authorities in Bangkok and northern provinces said the formation of the alliance is an "interesting phenomenon" and a "significant political development" in Burma where the Slorc has, in the past few years, tried to consolidate its power through endless efforts to woo all active armed ethnic groups into a peace pact and to forcibly suppress urban political opposition.

The eight ethnic groups are among a total of 13 which have, at different times since 1989, negotiated peace and eventually signed separate truce deals with the Slorc.

The PDF was formed less than a month after powerful Slorc Secretary Lt Gen Khin Nyunt announced at a ceasefire ceremony on Oct 9 with the Shan State Nationalities Liberation Organization, known as the Rec Pa-O, that the whole Shan State was now free of ethnic-based insurgency.

Some Thai authorities believed the Front was conspired "primarily as a bargaining power" with the Slorc, which still refuses to recognize and accommodate several of their demands especially the one that addresses ethnic rights and autonomy.

"PDF members have been disappointed that the Slorc has not responded positively to their demands and that their attempts to push forward their needs in the National Convention have proved to be futile," said one authority. The Slorc has organized the National Convention, picked its 700 participants and tailored a set of rules and guidelines for them to draft a new national constitution.

In contrast, the groups feel that they have been forced to proceed with the Slorc's imposed development programmes and political, social and economic agendas without being consulted. The growing disappointment has several times threatened the fragile truce and nearly resulted in an outbreak of new military clashes.

The Wa group, for example, has since February 1993 demanded the establishment of an "autonomous or self-ruled" Wa State on the east bank of the Salween River in eastern Shan State. It also demands direct contact and international assistance to help develop and rehabilitate the Wa area, which yields no staple crops except for the opium poppy. The Slorc, which has promised the Wa regular monthly rice supplies, has cut down the food ration and demanded that the group reduce its estimated 25,000-30,000 troops by half or more. The group has recently boycotted the National Convention.

At this early stage, it is still unconfirmed if the PDF has established any official link with the three remaining armed groups—the Karen, Karenni and Mon—which still refuse to finalize or enter peace talks with the Slorc.

But interestingly, the two sides share and echo similar demands for the restoration of democracy, release of all political prisoners including opposition leader Aung San Suu Kyi, put under house arrest without charges and trials since July 1989, the recognition of ethnic rights and greater autonomy through self-administration.

With the alliance coming into existence, Thai authorities still differ over the likelihood of an eruption of renewed fighting in the Kachin and Shan States. They believe, however, that the Slorc, which has forbidden contacts among the ceasefire groups, must be unhappy with the emerging scenario and must closely monitor the movement and activities of the united front.

Rangoon, said one authority, stands to lose if the ceasefire breaks down as its years-long attempts to court armed ethnic adversaries and to restore peace in strife-torn border areas would be wasted, thus affecting other parts of its immediate political agenda and programmes which are designed to boost its legitimacy at home and abroad.

The authority believed that the Slorc will have to tread carefully in its approach and policy towards the alliance. Moreover, it has to avoid offending the alliance by giving in, at the very least, to some of the ethnic groups' needs.

The other Thai officer, however, expressed pessimism at the current situation predicting that the PDF members would not hesitate to start fighting as most have previously repeatedly threatened to break the ceasefire.

Thai Police Report Burmese, Shan Combat Strength

95P30010

[FBIS Editorial Report] The 13 October SIAM RAT in Thai publishes on page 4 an article on the disposition of forces in Shan State. The commander of a Thai Border Patrol Police unit in northern Thailand, Police Major Phairot Rimprakhom, says that he expected fighting to start "soon."

According to SIAM RAT, the Burmese Army warned the civilian population of Thachilek "that fighting would start soon and that they should not support the armed minority groups." The Burmese Army said that the death penalty would be imposed for those doing so. The paper states that the Burmese Government had mobilized three divisions in Thachilek along with porters to move the heavy weapons while Khun Sa has recruited another 3,000 troops. A senior Shan military leader said that "no negotiations with the Burmese Government will take place until they withdraw their more than 100,000 troops from Shan State.

An unattributed report notes that Khun Sa's forces are concentrated around Mong Hta, Mong Taw, Doi [Mountain] Kong Mon, Doi Hin Kong, Doi Nam Cham, and in the Mong Kyawt area.

BBC Views Ethnic Discontent at National Convention

BK0912123494 London BBC in Burmese to Burma 1345 GMT 8 Dec 94

[Commentary by Iain Simpson]

[FBIS Translated Text] The National Convention is being convened in Myanmar [Burma] for drawing up a new constitution. Observers in Myanmar and abroad have pointed out that this new constitution will have limited effects and does not reflect pressure for more democratic reforms. Outsiders are not at liberty to know much about the discussions at the National Convention, but some observers feel a stalemate situation could exist on the national races issue. Iain Simpson, the first BBC Southeast Asia correspondent in Yangon [Rangoon], reports;

Even before the National Convention convened, opposition groups outside Myanmar, diplomats in Yangon, and others labeled the convention as a farce and refused to recognize it. The process of drawing up a new constitution is going at a very slow pace, and there has been no progress for weeks after sensitive questions concerning the national races emerged at the National Convention discussions. The national races constitute about one-third of Myanmar's population, and the description of their status has long been a headache for every Myanmar government.

The majority of the national races have been fighting the Yangon government for independence or at least to gain autonomy since Myanmar gained independence in 1948. During the past 18 months, 13 rebel organizations have signed cease-fire agreements with the government and were given seats at the National Convention. However, they are unsatisfied with the draft constitution for granting almost absolute power, especially to the military and other authorities in Yangon. Some soldiers and a few officers from the national races, because of the historical background of the ethnic rebels, are worried they might not get autonomy at all under the new constitution.

At one of the meetings last month, the majority of the minority groups presented their demands for more democracy and to free detained opposition leader Daw Aung San Suu Kyi. These demands are part of a program to achieve more democracy in the new constitution of Myanmar. The generals in Myanmar need to show signs to allow frank and intense discussions at the convention. Although at first they say a referendum will be held on the constitution, most observers believe they will try to push for ratification of the constitution in the end.

Cambodia

ASEAN Secretary General on Official Visit

Predicts Country's Membership 'Soon'

BK0812125594 Phnom Penh AKP in English 1013 GMT 8 Dec 94

[FBIS Transcribed Text] Phnom Penh AKP December 8—"Cambodia will join ASEAN soon", said Mr. Dato Ajit Singh, secretary general of the Association of Southeast Asian Nations.

ASEAN Secretary General made this comment when he met here on December 7 with Mr. Ing Huot, minister of foreign affairs and international cooperation.

The four-day visit by the ASEAN Secretary General to Cambodia, which started yesterday, is aimed at conducting a survey on the policy, economy and security in Cambodia.

The discussion between Cambodian foreign minister and ASEAN secretary general was focused on the mechanisms for ASEAN membership.

It is the first time Mr. Ajit Singh comes to visit Cambodia at the invitation of the Royal Government. The invitation to visit to Cambodia has been made since Prince Norodom Sirivut was the minister of foreign affairs and international cooperation.

During his four-day visit to Cambodia, Mr. Singh is scheduled to meet Samdech Hun Sen, second prime minister, and ASEAN country ambassador to Cambodia. He is scheduled to give a speech on ASEAN-Cambodian relations at the Cambodian Institute for Cooperation and Peace today. He will also visit Angkor Wat temples.

Holds Talks With Hun Sen

BK0912043594 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 8 Dec 94

[FBIS Translated Text] His Excellency Dato Ajit Singh, ASEAN secretary-general, paid a courtesy call to Samdech Hun Sen, second prime minister of the Royal Government of Cambodia, at the office of the Council of Ministers at 1000 on 8 December.

Singh stressed that his visit to Cambodia was for discussions on various mechanisms necessary to turn Cambodia into an ASEAN observer and subsequent full membership. He said that next July the association will hold a plenary session in Brunei, where Cambodia is expected to attend as an observer.

Hun Sen stressed that Cambodia will be very honored if it can join ASEAN as a member. He recalled the recent visit by the Malaysian prime minister, who urged Cambodia to apply for ASEAN membership. Hun Sen also talked about the situation in the country, saying that nothing abnormal is taking place except for the important question of human resources necessary for application for ASEAN membership. He appealed to ASEAN countries to help Cambodia develop its human resources, especially in technical work and in the English language.

Singh promised to help Cambodia improve its human resources by sending several groups of three Cambodian civil servants for three-day training sessions at the ASEAN Secretariat. He urged Cambodia to maintain good relations with ASEAN members for the greater success of this human resources training program.

Singh also promised to send officials from the ASEAN Secretariat to Cambodia to help develop human resources. He also said that ASEAN is looking forward to helping Cambodia however it can.

Hun Sen noted that most Cambodian youths have a marked preference for English. Both agreed that English is necessary for use among ASEAN members. Therefore, Cambodia should enhance its command of this language.

Raiders Into Thailand Said Government Soldiers

BK0912095194 Hong Kong AFP in English 0934 GMT 9 Dec 94

[FBIS Transcribed Text] Aranyaprathet, Thailand, Dec 9 (AFP)—A Cambodian general investigating the bloody attack on a Thai border restaurant earlier this week acknowledged here Friday that the raiders were Phnom Penh government soldiers. Major General Em Saray told reporters after questioning the bandit who was captured in the early Wednesday raid that the man was a Cambodian soldier but was not under his command. Em Saray said the man, That Chun, was a border defense officer based in the northwestern Cambodian province of Bantay Meanchey. But the general, who is deputy commander of Cambodia's 12th Division based across the border from here, admitted that several of his men in Poipet were involved in the raid.

The identities of the other bandits are known and they will be brought to justice, Em Saray said, adding that it would be up to the Thai and Cambodian governments to decide where they should stand trial.

Some 15 men armed with AK-47 rifles and pistols and wearing Cambodian army uniforms attacked the restaurant early Wednesady. They killed two Thai police officers who happened on the scene and robbed the restaurant staff and patrons. That Chun was shot and remains in the intensive care unit of a hospital here. The others are believed to have slipped back into Cambodia and are still at large.

That Chun, who earlier gave his name as Hoeun Sa, told Thai investigators Thursday he was an army lieutenant attached to the 12th Division in nearby Sisophon. He also said the gang had slipped across the border to steal motorcycles for resale in Cambodia, but decided to rob the restaurant instead when they could not find any motorcycles.

A combined Thai military and police unit has been combing the area for evidence to back Thai plans to file an official protest with Phnom Penh and seek damages.

Russian Envoy Promises Scholarships for Students

BK0912023594 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 8 Dec 94

[FBIS Translated Text] His Excellency (Vasiliy Gerasimov), ambassador of the Russian Federation to the Kingdom of Cambodia, paid a courtesy call to Samdech Hun Sen, second prime minister of the Royal Government of Cambodia, at the office of the Council of Ministers this morning.

Samdech Hun Sen said that despite the changes both in the Russian Federation and Cambodia over the past few years, nothing has changed in the ties of friendship and cooperation between the two countries. He went on to say that cooperation the Russian Federation may have with the Kingdom of Cambodia include, among other sectors, energy, exploration of Cambodia's natural resources, the reconstruction of the Stoeng Kamchay hydroelectric station, and relations in trade, culture, and sciences. Samdech Hun Sen asked the Russian Federation to continue support for the students who are currently on scholarships so that they can complete their studies.

H.E. (Vasiliy Gerasimov) promised to grant new scholarships to Cambodian students who wish to further their studies in the Russian Federation. He added that as far as the 560 students currently studying in the Russian Federation were concerned, the Russian Government agreed to allow them to complete their studies there.

KR Cites Hun Sen, Chea Sim Gratitude to SRV

BK0912014994 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 8 Dec 94

[Unattributed commentary: "King Chey Chettha II Handed Over Kampuchea Kraom to the Vietnamese as a Sign of Gratitude; What Have Grateful Hun Sen and Chea Sim Given Them?"]

[FBIS Translated Text] At a ceremony marking the anniversary of the so-called People's Party created by the communist Vietnamese aggressors 16 years ago, Hun Sen said that the Cambodian people had assisted the Vietnamese and fought side-by-side with them in their aggression against Cambodia. He did not condemn the

Vietnamese aggression, but rather expressed gratitude. This is because without Vietnamese aggression against Cambodia, he would never have become a head of the puppets. Hun Sen said that he would never forget the service rendered by the Vietnamese, and that as in the past, he would remain grateful now and in the future.

As a sign of gratitude, King Chey Chettha II handed over Kampuchea Kraom to the Vietnamese. When he got a Vietnamese wife, Chey Chettha II decided to carve off and hand over half of the kingdom to the Vietnamese. So, how grateful are Hun Sen and Chea Sim, who have been propped up as puppet heads by the Vietnamese?

1. They signed a treaty with Vietnam to parcel off a chunk of Cambodia's sea and land territory stretching from Kampot Province to Ratanakiri Province, 15 to 50 kilometers deep totaling several tens of thousands of square kilometers. This was an old sign of gratitude.

2. As a sign of their current gratitude, Hun Sen and Chea Sim have opened the door to 4 million Vietnamese nationals to come and stay in Cambodia.

3. What additional signs of gratitude have Hun Sen and Chea Sim shown Vietnam? They have permitted Vietnam to pour more Vietnamese nationals into Cambodia until there will be more ethnic Vietnamese than Cambodians.

Are Cambodians willing to let Hun Sen and Chea Sim hand over Cambodia to Vietnam as a sign of gratitude for being propped up as puppet heads? Absolutely not. Cambodians resolutely refuse to let the Vietnamese lackeys do anything they want. The Cambodian people are uniting to smash and sweep away the two-headed administrative and political structures in the villages and communes in order to uproot the People's Party of communist Vietnam from Cambodia. Traitors always die in the graves for traitors. History has clearly vindicated this truism.

KR Issues 'Communique' on Vietnamese Immigrants

BK0812143294 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 8 Dec 94

["Communique" issued by the spokesman of the Provisional Government of National Union and National Salvation "Immigration Ministry" on 7 December; place not given]

[FBIS Translated Text] I. Communist Vietnam's puppets say they have drafted an immigration law and are now drafting a nationality law. Yet 4 million Vietnamese are all over Cambodia, and more are coming in.

II. On behalf of the Provisional Government of National Union and National Salvation, which represents the Cambodian nation and people, the Immigration Ministry, dealing with the influx of Vietnamese into Cambodia, condemns the clique of communist Vietnamese puppets and their masters—the communist Vietnamese and the villainous allies—to the highest degree and categorically rejects both the immigration law and the nationality law, which are major components of their great criminal plan to change the Cambodian nation into communist Vietnam.

III. The 4 million Vietnamese in Cambodia are a Vietnamese aggressor force that is annexing and exterminating the Cambodian race in addition to the war to invade and commit aggression against Cambodia at the end of 1978 and the war that is still raging and burning in Cambodia. The Cambodian nation and people, like the international community, will absolutely not accept the result of any act of aggression. These 4 million Vietnamese should be rounded up, put in camps, and sent back to Vietnam.

IV. The Cambodian nation and people can once again clearly see that the two-headed government is the out-and-out lackey of communist Vietnam and the villainous alliance. Communist Vietnam is using its clique as a tool to annex Cambodia while the villainous alliance—with Australia, France, and the United States as the ringleaders—is ordering its clique to push Cambodia into the stomach of the crocodile Vietnam.

V. The issue of the 4 million Vietnamese in Cambodia is vital to the Cambodian nation and race. Just a few thousands immigrants to a superpower and some very wealthy countries have already created very serious political and social problems. What about the 4 million Vietnamese flowing into Cambodia as a result of communist Vietnam's war to invade and commit aggression and the strategy to annex Cambodia? This is an even more pressing danger for Cambodia.

The Cambodian nation and people consider the attitude expressed on the issue of the 4 million Vietnamese to be the determining factor separating nationalists from traitors; friends from enemies. The Cambodian nation and people have already clearly made up their mind about communist Vietnam's puppets and traitors selling out the nation and have made note of the stance and activities of Australia, France, the United States, and other allies concerning communist Vietnam's annexation of Cambodia. These people are responsible for all the consequences, both now and in the future.

7 December 1994
Spokesman of the Immigration Ministry, dealing with the issue of the Vietnamese influx into Cambodia

Khmer Rouge Commentary Derides Front Anniversary

BK0912020694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 8 Dec 94

[Station commentary: "Chea Sim, Hun Sen, and Heng Samrin Have Worked Painstakingly To Promote Their

Nation-Selling, Vietnamese-Lackey Nature, But our Cambodian Nation and People Have Already Judged Their Extremely Heinous Crimes"]

[FBIS Translated Text] Recently Communist Vietnam ordered Chea Sim, Hun Sen, Heng Samrin, Sar Kheng, and several others among its out-and-out lackeys to make a mighty effort to promote their traitorous and communist Vietnamese-lackey nature through the celebration of the so-called anniversary of their anti-Cambodia aggressor communist Vietnamese front.

Our nation and people, like the rest of the world, are well aware that this anti-Cambodian self-styled front of the communist Vietnamese aggressors was carved out of the excrement of the communist Vietnamese and their hundreds of thousands of aggressor troops, tanks, cannons, and aircraft that invaded Cambodia. Communist Vietnam has ordered its out-and-out lackeys to commemorate this anniversary every year so as to clearly remind them that it remains their boss forever and nothing has changed. As for this so-called front used by communist Vietnam as a facade for its aggression against Cambodia, it is both in appearance and substance nothing but a cover for these communist Vietnamese puppets. This front is under the direct control of the Communist Party of Vietnam. The Phnom Penh administration is an administration propped up by communist Vietnam in 1979 both for Phnom Penh and the provinces. There are no such things as the Kingdom of Cambodia, king of Cambodia, Constitution, or Khmer Royal Armed Forces. Communist Vietnam is at the core, while the others form the outer layers.

In the meantime, the alliance of the United States, Australia, and France has come to this country to collude with communist Vietnam in using the communist Vietnamese administration to continue igniting communist Vietnam's war of aggression against the Cambodian nation and people. Now there is even a famine causing hunger and starvation for millions of Cambodians. All of this constitutes colossal crimes against the Cambodian nation and people and against mankind as a whole.

During the past 15 years our Cambodian nation and people and Democratic Kampuchea, however, have not allowed these hellish satans and evil ghosts to destroy our nation and people with impunity. Our nation and people, together with Democratic Kampuchea, have bravely unfurled the banner of struggle, fighting and attacking them to defend and preserve the nation, people, and race to this day, causing utter defeats to communist Vietnam as well as UNTAC [UN Transitional Authority in Cambodia], the U.S.-Australian-French alliance, the communist Vietnamese puppets, and the two-headed government.

Our nation and people have already judged them for their extremely heinous crimes. They cannot escape from our nation and the hands of our people. As for the anniversary of communist Vietnam's so-called front just celebrated by Hun Sen, Heng Samrin, Chea Sim, and the communist Vietnamese, it is simply a bad omen signaling their doomsday. Aggressors and traitors always die unnatural deaths. That is their fate, no matter where they are, in Cambodia or elsewhere in the world.

Indonesia

Suharto Seeks Church Help on East Timor Issue

BK0912050894 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 9 Dec 94

[FBIS Translated Text] Meetings between Pope John Paul II and overseas East Timorese groups hopefully will help settle the East Timor issue. This was stated by Julius Cardinal Dharmaatamaja to reporters after he and other leaders of the Indonesian Roman Catholic Churches Conference called on President Suharto at Merdeka Palace yesterday. According to Julius Cardinal Dharmaatmaja, President Suharto also expected the Indonesian Roman Catholic Churches Conference to play a role to help settle the issue.

[Begin Cardinal Dharmaatmaja recording] The president also expected us to help settle the East Timor issue. Our help, however, should not be political but rather humanitarian and religious. We will enhance relations with East Timor and hope that Bishop Belo [from the Dili Diocese] will always attend meetings at the Indonesian Roman Catholic Churches Conference. The bishop usually attends such meetings and will always send his deputy if he is unable to do so. [end recording]

Julius Cardinal Dharmaatmaja is Indonesia's second cardinal after the late Justinus Cardinal Darmoyuwono. Cardinal Dharmaatmaja is one of the 30 cardinals appointed by Pope John Paul II in the Vatican. The 30 cardinals come from 24 nations, three of which are from Asia.

Continued 'Openness' on Timor Issue Favored

BK0912081394 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 9 Dec 94

[Station commentary]

[FBIS Translated Text] Good morning! The postponement of discussions on the East Timor issue at the UN General Assembly from 1994 to 1995 has clearly showed that the issue is no longer drawing global attention. In general, nations that raised the East Timor issue at the UN General Assembly this year simply hoped that the issue would be settled in the best possible way. Nugroho Wisnumurti, head of the Indonesian Permanent Mission to the United Nations, told reporters after meeting President Suharto at Merdeka Palace yesterday, that the recent Jakarta and Dili incidents would not prompt other nations to again make a fuss over East Timor. The postponement of the discussions over the former Portuguese colony, which has integrated with the Republic of Indonesia, shows that East Timor is increasingly losing the attention of members of the UN General Assembly.

Perhaps there are two reasons for the postponement of the discussions on the East Timor issue at the UN General Assembly this year. First, the fourth round of tripartite talks among Indonesia, Portugal, and the UN secretary general will be held in Geneva on 9 January 1995. The talks involving among Foreign Minister Ali Alatas, his Portuguese counterpart Barroso, and Butrus Butrus-Ghali will be designed to enhance confidence-building measures to settle the East Timor issue. In preparation of the tripartite, the UN secretary general had sent Francesc Vendrell as his special envoy to Indonesia and Portugal. In addition to holding talks with Alatas, the UN special envoy made a three-day visit to East Timor for talks with parties that could give an objective view of the East Timor issue. All these efforts are expected to produce common steps toward settlement.

The second reason, perhaps the most important, is the Indonesian Government's policy of opening East Timor to visitors from nations that have cornered Indonesia in international fora. Openness has allowed them to see for themselves what the situation in Indonesia's youngest province is since integration. Indeed, this step has proved effective, as more UN member nations, which questioned East Timor earlier, have finally said that the former Portuguese colony should no longer be questioned because the issue is over. Perhaps openness on the East Timor issue will remain necessary until the issue is comprehensively settled and understood by all parties.

Minister Says No More Protection for New Industries

BK0912050694 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 9 Dec 94

[FBIS Translated Text] The government will no longer give protection to new industries because this has become government policy as decreed by the president. Responding to the request by a company for protection for its olefin industry, Finance Minister Mari'e Muhammad said in Jakarta yesterday that Indonesia already has a high degree of protection in ASEAN and Indonesian industries will lose competitiveness in the face of trade liberalization if such protection continues. According to the finance minister, national industries currently are inefficient. Thus, the government will consistently refuse to give protection to new industries without any exception.

Minister Warns Against Economic Overheating

BK0912101494 Jakarta SUARA KARYA in Indonesian 7 Dec 94 p 1

[FBIS Translated Excerpt] Jakarta (SUARA KARYA)—Finance Minister Mar'ie Muhammad has urged all parties to avoid excessive pressure on the national economy that may in turn cause the economy to overheat, although the he still believes the economic situation in 1995 will be brighter than in 1994.

During a working meeting with the House Budget Commission in Jakarta on Tuesday, Mar'ie predicted that economic activities in 1995 would be brighter than in 1994. However, Mar'ie warned against dangerous points and said that a high degree of vigilance is necessary against excessive pressure on the national economy because such pressure will cause the economy to overheat.

The high inflation rate and excessive imports are among the symptoms of a possible overheating. They may lead to growing current deficits in the balance of payment and a bottleneck because infrastructure cannot keep pace with the economic growth. "We must must guard against such things. We prefer an economic growth rate that is not too high, but we can prevent overheating. It would be useless to have a high growth rate if it leads to instability," the finance minister added.

The fiscal and monetary policy will continue to be geared toward maintaining the macroeconomic stability. Efforts to control the circulation of money and the credit rules are part of the policy. This is necessary to prevent the economy from overheating in 1995.

The government is very concerned over excessive credits for the property sector. According to Mar'ie, a recent rise in banking interest rates is positive in a way because it can serve as a means to curb excessive credits for the property sector. "Indeed, a high economic growth rate in any country always stems from the property sector," he said. The finance minister disagreed with members of the House Budget Commission who proposed that the allocation of credits for each sector be limited so that no sector will receive excessive credits in the future. "It is difficult to control the allocation," Mar'ie added. [passage omitted]

Editorial Views Economic Development, Debt

BK0912103494 Jakarta MERDEKA in Indonesian 8 Dec 94 p 6

[Editorial: "Positive Thinking"]

[FBIS Translated Text] Last Monday, the government took courageous action. Minister of Finance Mar'ie Muhammad disclosed Indonesia's foreign debt to the House Commission for State Revenue and Budget in a hearing with the House of Representatives. He said that Indonesia's foreign debt is U.S. $93 billion. About 60 percent of it is the government's debt, and 40 percent is the private sector's. There is serious concern about the total, because 37.41 of it is interest.

It is worth keeping in mind that the debt service ratio [DSR] is no more than 15 percent of the balance. If only Mar'ie predecessors had been frugal in seeking foreign loans, as the World Bank had advised, the current situation would not be this bad.

What then? Milk has been spilled, and the only thing we can do is to think positively and take positive action. We all realize that the present economic status has reached an extremely high level in comparison with the World War I period. The complicated repayment procedure imposed by donor countries is an impediment. Then the commitment made to the donor countries, totaling U.S. $20,112 [figure as published] had not been realized until last September. All these have intertwined effects on the pace of our infrastructure development plan. Moreover, the dollar's rate to the yen, which was a focal point of attention worldwide, has caused much worry to debtors.

It is nevertheless a relief that Mar'ie Muhammad promised to repay the foreign debt without any moratorium. He even wants to speed up the repayment. There is a bright side, however, and that is a decrease in the DSR. According to Mar'ie Muhammad, Indonesia's DSR was 31.9 percent in the 1988-89 and went down to 21.8 percent in 1993-94. The DSR is expected to go down to 15 percent, although Indonesia has become closer to being classified as the largest debtor after Mexico, Brazil, and India.

Honestly, the classification of the largest debtors cannot be so generalized. Economic development of developing countries known as the underdeveloped economies [preceding two words in English] is inseparable from the human endowment, social values, the political situation and condition, and past history. Indonesian history is not similar to India's and is totally different from Mexico's and Brazil's. Generalization is usually employed by development model planners. It will become clear if we refer momentarily to Schumpeter's theory. He said that formerly the theory of economic growth was confined to Western capitalism and that the theory could be applied to the economies of other countries. It is not impossible to seek a solution to economic stagnation through ways different from those in Western capitalist economies. In this case, we have to see the differences between Ecuador's economy and Sweden's, let alone the difference between Ecuador's economy and Switzerland's. Even we can see the fundamental differences among the economies of Colombia, Peru, and Bolivia. Although Mexico has entered NAFTA with the United States and Canada, it does not mean that Mexico's economy will change drastically to affect its comembers in NAFTA.

We need to have the courage to find a way out for our problems in developing our country and not to rigidly imitate the unsuccessful methods used in other developing countries. From this bitter experience we have to realize that a foreign loan is fundamentally an added value of the so-called international income [preceding two words in English].

Disparity in the so-called international income [preceding two words in English] has caused wide a gap in the balance of payment. but it is the international income [preceding two words in English] that is used to bridge the gap. Foreign loans can really be used to cover developing countries' lack of foreign exchange, but the question is whether the loans can create capital in developing countries or, in other words, revenue for development programs. We have to think positively to find the way out of this situation.

Diplomatic Notes Signed on Japanese Aid

BK0812125094 Jakarta THE INDONESIA TIMES in English 30 Nov 94 p 1

[FBIS Transcribed Text] Diplomatic notes on Japan's Official Development Assistance (ODA) loans for fiscal year 1994 were signed today at the Department of Foreign Affairs by Ali Alatas, minister for foreign affairs of the Republic Indonesia and Taizo Watanabe, ambassador of Japan.

This commitment is based upon the pledge of the aid and package made by the Japanese delegation at the third conference of the Consultative Group for Indonesia (CGI) held in Paris in July this year. Total amount of the ODA loans now available to the Government of Indonesia is approximately U.S.$1.5 billion. This constitutes the main portion of the total ODA amounted to U.S.$1.67 billion announced at the CGI.

The Government of Japan announced the increase of the 15 amount by $230 million over the previous year and fully responded to the Indonesian request.

The documents signed yesterday contain the following types of assistance: (a) Sector Program Loan (SPL) U.S.$200 million. The Government of Japan continues to extend a fast disbursing assistance amounted to $200 million in the form of Sector Program Loan (SPL) in consideration of the current account deficit situation of Indonesia in FY 1994. The SPL is, at the same time, aimed at financing small-scale projects in the field of education, health, social welfare, human settlement, communication, and water resources to meet the needs in local and remote areas; (b) Project Loan U.S.$1.30 billion. The project loan includes a Sector Loan called Rural Areas Infrastructure Development (Project No. 20 in the attachment). The loan amounting to $200 million is designed to finance small-scale infrastructure development in rural communities in association with "Inpres Desa Tertinggal" [presidential program to develop backward villages] for the purpose of alleviation of poverty, which is one of the major targets of the new REPELITA VI [Sixth Five-Year Development Plan]. The other project loan focuses, among others, on improvement of infrastructure and human resource development which are expected to solve the bottlenecks of development.

Foreign Media Said Undermining Malaysia Ties

BK0812150094 Jakarta SUARA KARYA in Indonesian 6 Dec 94 p 1

[FBIS Translated Excerpt] Klaten (SUARA KARYA)—Some countries and outsiders do not want to see closer relations between Indonesia and Malaysia. There is proof that news reports invented by a number of foreign mass media outlets have been aimed at creating tension in relations between the two countries.

This was stated by Information Minister Harmoko and his Malaysian counterpart, Information Minister Datuk Mohamed Rahmat, after they witnessed the signing of a cooperation agreement between the Ngudi Warto Radio Listeners Group of Kajoran Village, Klaten and the Kubahlaka Melor Readers, Viewers, and Listeners Group of Kelantan at a public hall in Klaten District on Saturday afternoon [3 December].

During a festive wedding party for a Kelantan prince and a Javanese princess held as a symbol of close relations, Datuk Mohamed Rahmat handed over $200,000 in aid on behalf of Prime Minister Mahathir Mohamed for the victims of the Merapi Volcano eruption.

According to Harmoko, Indonesia and Malaysia need to enhance cooperation, especially in communications, to face the new era in 2020 resulting from the APEC [Asia-Pacific Economic Cooperation] economic leaders meeting. Thus, he said, "the peoples of the two countries should be able to filter overseas information, which tends to be biased." [passage omitted]

Laos

Deputy Prime Minister Dies of Heart Failure

BK0812140494 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 8 Dec 94

["Announcement" issued by the Lao People's Revolutionary Party Central Committee, the National Assembly, the Lao People's Democratic Republic Government, and the Lao Front for National Construction Central Committee in Vientiane on 8 December 1994]

[FBIS Translated Text] The Lao People's Revolutionary Party [LPRP] Central Committee, the National Assembly, the Lao People's Democratic Republic [LPDR] Government, and the Lao Front for National Construction [LFNC] Central Committee are deeply saddened to inform all their compatriots of the various tribes and all strata, cadres, party members, and combatants of the various armed forces that Comrade Phoun Sipaseut, Political Bureau member of the LPRP Central Committee, deputy prime minister, chief of the Foreign Relations Committee of the party Central Committee, and official in charge of guiding foreign affairs, died of heart failure at 0220 on 8 December 1994. He was 74.

Throughout his illness, party and state organizations attentively took care of him and provided all favorable conditions for his medical treatment both at home and abroad. Nevertheless, after suffering from chronic heart disease for many years, Comrade Phoun Sipaseut has now left us forever.

Comrade Phoun Sipaseut was a senior leader of our party and state. He devoted all of his intelligence, abilities, and energy to the last day of his life to the struggle for national independence and the freedom of our people in the past as well as the cause of defending the new system and building and developing the country in the new stage. Comrade Phoun Sipaseut was a revolutionary who maintained his profound spirit of patriotism and resolute and firm revolutionary perseverance. He was a competent and talented politician and soldier. He was also a foreign affairs expert who accumulated exceptional experience in carrying out his activities. Comrade Phoun Sipaseut carried out great achievements and meritorious deeds for our party, state, nation, and people. His demise is viewed as a great loss; it has brought about grief and deplorable sorrow for our entire party, army, and people.

To express gratitude and mourning for Comrade Phoun Sipaseut, the party Central Committee, the National Assembly, the government, and the LFNC Central Committee have agreed that the entire nation should observe a period of mourning for five days. The public is hereby informed.

The LPRP Central Committee, the National Assembly, the LPDR Government, the LFNC Central Committee

Vientiane, 8 December 1994

Regulations Issued on Mourning

BK0812160494 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 8 Dec 94

["Regulations" issued by the Funeral Organizing Committee for deceased Political Bureau member Phoun Sipaseut in Vientiane on 8 December]

[FBIS Translated Text] To express gratitude and grievous mourning for the deceased Comrade Phoun Sipaseut, member of the party Central Committee Political Bureau, deputy prime minister of the Lao People's Democratic Republic [LPDR], chief of the Foreign Affairs Committee of the party Central Committee, and official in charge of guiding foreign affairs, the Funeral Organizing Committee issues the following regulations on nationwide mourning:

1. Mourning is to be organized throughout the country for five days from 8 to 12 December 1994. During the mourning period, banquets, parties and soirees, and all types of entertainment activities are not allowed.

2. Various party and state organizations and services and mass organizations from the central down to the grassroots level as well as embassies, consulates, and representation offices of the LPDR abroad are instructed to fly their flags at half staff.

3. In Vientiane, arrangements will be made to lay wreaths and pay homage to the body on 9, 10, and 11 December 1994—from 0800 to 1200 in the morning and from 1400 to 1700 in the afternoon. Organizations and services at the central level and in Vientiane Municipality; educational institutes; various organizations and

business production units; as well as fraternal people, relatives, and friends far and near are invited to pay homage to the body during these times and dates.

4. At the central level, the official mourning ceremony will be held on 12 December 1994.

5. Embassies, consulates, and representation offices of the LPDR abroad are requested to organize mourning ceremonies at their respective offices.

Funeral Organizing Committee
Vientiane, 8 December 1994

Philippines

Senate Again Postpones Vote on GATT Treaty

BK0912035394 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 8 Dec 94

[FBIS Translated Text] The Senate will not vote on the General Agreement on Tariffs and Trade, or GATT, today [9 December]. The voting will be postponed until next week though the vote is not expected to be held on Monday. This is the fifth time the Senate has postponed voting on GATT. The Senate was in session yesterday and admitted that it is not capable of meeting the scheduled vote in the face of many questions and observations against the GATT treaty by Senate members.

Pro-GATT Senator Ernesto Herrera moved the motion requesting the postponement of approval of GATT until next week. The motion was immediately seconded by the caucus in the upper house of Congress.

[Begin Senator Alberto Romulo recording in English] But I think because of the fact that we have not yet finished the interpellations, we have not yet finished the (?turno) and contra, certainly we have not yet finished the amendments plus the fact that the antidumping bill has to be considered yet, so I think, to all intents and purposes the voting of the GATT could take place not earlier than next week, I mean by next week, cannot be Friday. [end recording]

The Senate agreed that the antidumping law to prevent the entry of low quality imports in the country should be approved first before the Senate proceeds with the deliberations. This will be followed by amendments that will be entered in the GATT resolution and then the voting will take place with the 23 senators explaining their respective votes. All of this is estimated to take place in only one session where the yes vote is expected to win.

[Begin recording in English] [Senator Ernesto Maceda] Outside of Senators Tanada and Macapagal, I do not think any of the other 21 senators has even read 10 percent of the documents. Secondly, if it is approved under the answers that have been given to us, so far, 45 thousand corn farmers will die.

[Senator Francisco Tatad] Well this is the most ambitious, most comprehensive trade agreement ever attempted in the history of international trade, and all the forecast around the world, I say that the Asia-Pacific region, where we belong, will be the biggest gainer of them all. And I am very confident that in spite of the initial difficulties, initial adjustments that will have to be made, the Philippines will be a net gainer. [end of recording]

In related news, 3 thousand members of militant groups held an anti-GATT rally at the Senate. The rally was led by Kilusang Magbubukid ng Pilipinas [Farmers' Movement of the Philippines], Kilusang Mayo Uno [1 May Movement], League of Filipino Students, and the Bagong Alyansang Makabayan [New Nationalist Alliance]. The speakers in the rally outlined every negative effect that GATT would inflict in the different sectors of the country's livelihood. The rally caused traffic jams in the streets along Burgos up to Luneta.

Despite the wide protests against GATT, Senate President Edgardo Angara expressed confidence that GATT will be approved in the Senate. Angara pointed out that there are already 13 senators in favor of GATT while five have not yet decided whether they are for or against GATT. The five senators having second thoughts on approving GATT are: Raul Rocco, Neptali Gonzales, Orlando Mercado, Heherson Alvarez, and Joey Lina. The five anti-GATT senators are: Ernesto Maceda, Wigberto Tanada, Arturo Tolentino, Nikki Coseteng, and Tito Sotto. Angara said that he is hoping GATT will be approved because the only major concern of the senators having reservations about GATT is the safety nets readied for affected sectors.

Police Takeover of Counterinsurgency 'Final'

BK0912060394 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 9 Dec 94

[FBIS Translated Text] The takeover of counterinsurgency operations by the Philippine National Police [PNP] starting on 1 January 1995 is final. This was the decision of the joint committee headed by Defense Secretary Renato De Villa and Interior Secretary Raphael Alunan III. However, the two officials said that police operations against the rebels will only cover certain areas. De Villa and Alunan are now preparing the list of those areas that will be handled by the PNP. They are expected to submit their recommendation to Ramos next week.

Thailand

NAP Withdraws From Government Ruling Coalition

Party Leader Announces Withdrawal

BK0912003194 Bangkok THE NATION in English 9 Dec 94 pp A1, A2

[FBIS Transcribed Text] New Aspiration Party [NAP] leader Chawalit Yongchaiyut announced his party's withdrawal from the Chuan coalition last night with a parting shot, lashing out at his former allies for pursuing a decentralization policy "unacceptable" to the public.

In a statement, Chawalit said the government had confirmed that proposed amendments to Articles 198 and 199 of the Constitution Amendment Bill were government policy. However, a majority of Parliament, which represents the people, had rejected those amendments.

"The NAP voted differently from other government parties to protect the right principle," Chawalit said. Citing political etiquette, the NAP, the second biggest coalition party, last night withdrew from the five-party government.

NAP spokesman Chaturon Chaisaeng told reporters that the majority of Parliament agreed with the NAP that the original versions of the two articles were better.

"We demonstrated our stand in Parliament. Now, in accordance with political etiquette, we withdraw from the government," he said, after an NAP meeting.

Prime Minister Chuan Likphai yesterday asked Chawalit to gracefully withdraw the NAP from the five-party coalition government after NAP members joined the opposition and Senate in voting for the original version of Articles 198 and 199.

An NAP source claimed earlier that the Democrats had approached the Chat Thai and Chat Phatthana parties to join the government. If they reached an agreement, the Phalang Tham, Seritham and Solidarity parties would be sacked. However, the source said the Democrats might choose to dissolve the House of Representatives rather than face the difficult task of explaining publicly their reasons for kicking out the three parties.

A Democrat source said NAP MP Thawi Kraikhup told Chuan on Wednesday night that he was sorry about Chawalit's betrayal.

Thawi yesterday resigned as deputy communications minister to shoulder some of the responsibility for his party's confrontational tactics.

After yesterday's vote, Den Tomina (NAP-Pattani) told reporters that the NAP would be "executed politically". He said he did not agree with voting against other coalition partners, but he had to follow the party resolution.

NAP deputy leader Wanmuhammatno Matha said the NAP had decided the charter bill was the responsibility of Parliament, not the government.

Government on 'Brink of Collapse'

BK0912011694 Bangkok BANGKOK POST in English 9 Dec 94 pp 1, 5

[FBIS Transcribed Text] New Aspiration's [NAP] pullout from the coalition last night leaves the Government on the brink of collapse as chances of bringing an acceptable opposition party into the line-up appear bleak. The Opposition is also poised to censure the Government, further shaking its stability.

The NAP's move came after its leader, Gen Chawalit Yongchaiyut, was told by Prime Minister Chuan Likphai to leave the coalition after the party voted yesterday in defiance of Government whips over Articles 198 and 199 of the constitution amendments draft.

Gen Chawalit reportedly asked for a day to draft a statement explaining the pullout. However, party spokesman Chaturon Chaisaeng last night announced the party's withdrawal from the coalition.

Even without the NAP, Mr Chuan would try to stay in office with a minority government for a short time to ensure the passage of some important bills before he dissolves Parliament, a source close to the premier said.

The source said Mr Chuan would not bring in one of the Opposition parties to replace the NAP in order to stay on. The premier wanted to clear legislation—the constitutional amendment draft and the Civil Service Pay Bill—before dissolving Parliament.

Democrat Secretary-General Sanan Khachonprasat said after meeting key party leaders last night that as the NAP had announced its withdrawal from the coalition, his party had full freedom to do whatever it wanted with the Government.

This includes possible overtures to any party to join the Democrat-led government or to dissolve Parliament.

Maj-Gen Sanan said the other coalition partners had agreed to give the Democrats a free hand in forming a minority government.

Party sources said Maj-Gen Sanan told the meeting last night he had approached Chat Phatthana [CPP] deputy leader Kon Thappharansi and Chat Thai leader Banhan Sinlapa-acha to join the coalition. Both had said they were ready to join the Democrats provided that Mr Chuan restructured the entire coalition and the Cabinet line-up, the sources said.

The sources quoted Mr Chuan as saying he was confident the Democrat's partnership in a new government with CPP and Chat Thai would work.

They said senior party members believed that if Chat Thai or the Chat Phatthana could present a list of signatures of party members in support of Mr Chuan as premier the option might be acceptable to him. Mr Sanan agreed to negotiate on this matter.

The charter amendments are scheduled to be voted on during their final reading within 15 days.

With a censure motion which may be lodged by the Opposition this month, the Government, which lacks a simple majority in Parliament, may not have much time to manoeuvre to survive. This might force Mr Chuan to dissolve Parliament, the Democrat source said. After the vote, Mr Chuan conceded that the minority government would not last long. He had not thought of bringing in an Opposition party to replace the NAP.

Deputy Prime Minister Banyat Banthatthan would be appointed to the Interior portfolio, the source said.

A prominent Democrat Khunying Suphattra Matsadit who attended last night's meeting, is tipped to be named in the new line-up. After the vote, Mr Chuan called an urgent meeting with leaders of the other three coalition parties to discuss their staying on as a minority government without the NAP.

"It's certain that Chuan will lead a minority government. Given the political situation it seems this is the best political choice," said a prominent Democrat.

Another senior Democrat, who declined to be named, said Mr Chuan would prefer to remain in a minority government than bring in a party with Cabinet candidates who would not be accepted by the public because of their "tainted" image.

Phalang Tham leader Maj-Gen Chamlong Simuang, Solidarity leader Uthai Phimchaichon and Seritham leader Athit Urairat gave their opinions to Mr Chuan on what the Government should do.

Many senators also signed the Opposition's motion to hold a special session of Parliament from December 20 to February 2.

"We are returning to the days of former premiers Kriangsak Chamanan and Thanom Kittikhachon when the Senate had a lot of power. This is worrying because we have been trying to decrease their power and many of those who signed the motion are National Peace-keeping Council men. We Thais forget easily," Mr Surin said.

Chat Thai had earlier demanded that the premier resign as a precondition for the party's joining a new government. Leading Chat Thai members yesterday declined to comment when asked whether the party would join if the premier refused to quit.

A prominent Democrat, who declined to be named, said Mr Chuan was taking the public mood into consideration before he made any political move.

The source said leading Democrats were divided on how to tackle the crisis.

"Some want the premier to dissolve Parliament and others want him to form a new government. But if public mood is against formation of a new government, I'm confident he will opt for dissolution," he said.

Despite reports that Chat Thai, and to a lesser extent Chat Phatthana, were being checked out as potential partners, Opposition sources claimed they were united in forcing Mr Chuan to dissolve Parliament.

Political sources said that after the vote on Articles 198 and 199, Social Action leader Montri Phongphanit and Chat Thai deputy leader Sano Thianthong went up to Chat Phatthana deputy secretary-general Suwat Liptaphanlop and told him: "Hang tough and we will make your party leader prime minister."

Chawalit Chairs NAP Meeting

BK0912133494 Bangkok Radio Thailand Network in Thai 1200 GMT 9 Dec 94

[FBIS Translated Text] General Chawalit Yongchaiyut, leader of the New Aspiration Party [NAP], called a meeting of party members at the party headquarters at 1400 today. The meeting was attended by party members and all cabinet ministers under the party's quota. Party Spokesman Chaturon Chaisaeng reported after the meeting that participants made an assessment of the current political situation so that the party can make preparations for future. Most party members expressed their understanding for the reasons given by the party leader for withdrawing from the government coalition.

Concerning the 14 December censure debate against the agriculture and cooperatives minister, the NAP spokesman said the party's stance would remain unchanged—it will base its judgment on the explanation given by the minister in question and deliberations by the opposition parties.

The NAP spokesman said that once there is a royal proclamation relieving NAP ministers from their posts, the party will assume the role of an opposition party and will try to perform its duties accordingly. The party supports the original draft of Articles 198 and 199 in the constitution bill; NAP had made clear its principle and intention on this matter. The party deemed that it should pull out from the coalition after it did not vote in line with the resolution adopted by the coalition. The party had no intention to topple the government.

Asked about the possibility of a parliament dissolution, the NAP spokesman said he did not anticipate a dissolution of the parliament right now because it still has to debate on the constitution, which is an important law, until the third reading.

Meanwhile, there was a report that the party had assigned Phisan Mulasatsathon the duty of giving the prime minister the party's letter confirming its withdrawal from the government.

Editorial Views Chuan Government Without NAP

BK0912073994 Bangkok THE NATION in English 9 Dec 94 p A6

[Editorial: "Minority Government Minus NAP Will Be Chuan's Best Option"]

[FBIS Transcribed Text] Prime Minister Chuan Likphai's coalition government was dealt a serious blow yesterday. In a joint session of Parliament, the New

Aspiration Party [NAP], the largest of the five parties in the coalition, joined hands with the opposition and senators and voted against the government on Articles 198 and 199 of the Constitution Amendment Bill.

Chuan wanted the coalition to stand firm on its resolution requiring all government MPs to vote for the proposed amendments to Articles 198 and 199, as recommended by the House-Senate committee on charter reform.

The rejected articles would have barred kamnan and village heads from serving on local government bodies at the tambon level. NAP leaders made clear that they intended to vote to retain the original Articles 198 and 199 in the draft bill as proposed by the opposition. The original draft was not specific about the decentralization and would retain considerable power of kamnan and village heads.

Failing to see eye-to-eye with Chuan, NAP leader Chawalit Yongchaiyut, who is also interior minister, issued threats to the coalition. He warned that his resignation letter had been signed and the NAP would pull out its 51 seats from the government.

Thailand's fledgling democracy was won on the streets of Bangkok in May 1992 and the next logical step would have been to spread these freedoms and liberties to the rural populace in the provinces. After May 1992, one thing was made very clear: sovereign rights reside with the people, and based on a contract with the people, leaders are given a mandate to govern which the people can withdraw. In people-based politics, the will of the people through free and fair elections is to be respected.

Despite being aligned to the prodemocracy movement in 1992, Chawalit's commitment now to people-based politics is indeed questionable. Ensuring that elections are free and fair in the provinces has always been a big problem. Courting the kamnan and village heads gives an assurance that votes from the provinces could be delivered. The kamnan or village heads could either coerce the rural electorate to vote for a certain party, or they could act as a conduit to disburse cash to the villagers to buy votes.

That Chawalit now is willing to pervert democracy to achieve his ends is indeed alarming.

The inevitable has happened with yesterday's voting in Parliament. Chuan now has three options. He can either resign as premier and allow the NAP and opposition parties to form the new government; dissolve the House of Representatives and call fresh elections; or carry on as prime minister of minority government, minus of course the NAP.

If the interests of the country are to be taken into account, then Chuan must stay on and govern through a minority coalition government, after ejecting Chawalit and the NAP. Allowing the opposition to run the country or taking in an opposition partner in place of the NAP would only be tantamount to white washing what happened in May 1992, bearing in mind that many opposition figures were backing the military junta to the hilt prior to the bloody events.

Without doubt, Chuan's minority government will have to tread a very fine line and the going will not be easy. The prime minister's commitment to democracy and the well-being of the people will be severely tested.

First and foremost, the coalition's pledge to amend undemocratic parts of the current Constitution should be honoured—come what may. Article 172, which allows the prime minister to issue self- amnesty decrees should also be looked into seriously. Dictators in the past have absolved themselves of any criminal liability in atrocities committed against the people.

Also, the resolution ratifying the World Trade Organization (WTO) as successor to the Gatt must be pushed through Parliament. It would indeed be an international humiliation for Thailand, which is a signatory to Gatt, if the arbitration procedures in the WTO are not accepted by the country.

Toppling a minority government is indeed easy, and all the opposition has to do is to pass a no-confidence motion. But if the Chuan coalition goes down fighting for the people, it will definitely be voted back into power.

Chuan's current advantage, if he decides to sack the NAP, is that he will be able to control the Interior Ministry. Under such circumstances, he will have a free hand to deal with those bureaucrats in the ministry who are dead against decentralization and the spreading of democracy to the provinces.

In the end, if a new general election is around the corner, it could be Chuan who emerges as the big winner.

Editorials View Coalition's Political Options

BK0912113194

[FBIS Editorial Report] Two Thai-language Bangkok dailies—NAEO NA and KRUNGTHEP THURAKIT—carry editorials on 9 December commenting on the political uncertainty resulting from the New Aspiration Party's decision to break with the government coalition's line and vote with the opposition against Articles 198 and 199 of the Constitutional Amendments Draft Bill.

NAEO NA carries a 600-word editorial on page 2 entitled: "The Government's Future." It says: "If the government does not remove the New Aspiration Party from the coalition, the New Aspiration Party itself will announce that it is leaving the coalition. In this case, the government would be reduced to minority status. It would be able to function for a short time until the parliament comes back into session in May. By then, it is believed that the government would have done something to change the political course and avoid remaining a minority government at all risks."

The editorial says Prime Minister Chuan Likphai has several options. He can replace the New Aspiration Party with an opposition party and announce a cabinet reshuffle, but this is unlikely because all of the opposition parties have made it known that they will not join the current coalition. Another option for Chuan is to resign. Then, because the Democrat Party is the biggest party in the House, Chuan would be chosen by the parliament speaker—who is also a Democrat—to serve as prime minister once again. He could then form a new coalition with the participation of any of the present opposition parties. In conclusion, the editorial hopes that a "bold man" like Chuan will choose to dissolve the parliament.

KRUNGTHEP THURAKIT carries a 600-word editorial on page 2 entitled: "Prime Minister Chuan Should Not Dissolve the House Now; He Should Carry Out a Cabinet Reshuffle With Conditions." It says that parliament must not be dissolved now because there are several major bills pending in the Senate. These include bills on the payscale for government officials, the ratification of the World Trade Organization, and several other draft bills amending the Constitution. "Only when these bills are passed and come into force can the government dissolve the parliament and announce new elections. This would also be good timing because the outcome of the election would tell all—it would reflect the people's reaction to the New Aspiration Party's stand on the controversial constitutional amendments as well as the Democrat Party's land reform policy and the ongoing scandal."

The editorial expresses the belief that pending the dissolution of the parliament, the prime minister can carry out a cabinet reshuffle by replacing the New Aspiration Party with either the Chat Phatthana Party or the Chat Thai Party. It says he should make it a condition, however, that the members of these parties who have been accused of corruption or involvement with narcotics cannot become ministers. A cabinet with a corrupt image, the editorial warns, could be cause for another coup.

1996 Fiscal Budget Expenditures To Increase

BK0912102694 Bangkok BANGKOK POST in English 9 Dec 94 p 34

[FBIS Transcribed Text] Expenditure in the 1996 fiscal budget will be 13 percent higher than that of this fiscal year, in line with the country's economic growth Finance Minister Tharin Nimmanhemin said.

The ministry and the Budget Bureau will soon be preparing details to support consideration of the expenditure budget's structure for the next fiscal, so it is readily available according to the country's economic demand.

Next fiscal year's budget is projected to be 13 percent higher than this year's figure of 71 billion baht, the minister said.

The extension of next year's fiscal budget is also close to projections for the Thai economy in 1995-1996, which forecast higher growth than this year. Taking the gross domestic product deflator into account the local economy is predicted to grow by 13 percent.

The fiscal 1996 budget will be similar to 1995's and largely balanced, with only a slight deficit. More importantly, investment will take a larger share, accounting for 35 percent of the entire 1996 fiscal budget, he said.

Since the Government will not have to shoulder the same burden of 32,300 million baht next year, unlike it did this year due to increases in government officials' salaries, a boost in the investment budget is very likely.

Fiscal 1996's expenditures will put more emphasis on education, public health, transportation, agriculture and skilled labour. Above all, it will focus on distributing more investment to rural areas.

The Government only spent 81 percent of last fiscal's budget, despite its projection to spend more.

The ministry will also adjust the management of its reserves next year to support the establishment of the government's central provident fund.

Up until now, reserves have been used to repay foreign debts before they were due or solve debt problems. However for next fiscal, 67 billion baht worth of reserves will serve as the initial amount put aside for the civil servant's central provident fund, which will be enacted before the House meeting closes next year. This means the amount will be transformed from the Government's fund to the private fund. Some of the reserves will also be invested in state enterprises.

As of the end of fiscal 1994, the country's reserves stood at 228,559 million baht. When allowing for outstanding expenditure reductions, allocated budgets from the previous year and off-budget money, such as deposits from government agencies, state enterprises and the Bank of Thailand, net reserves amounted to 51,504 million baht.

The Finance Minister also revealed that next year the ministry will apply different policies to loan management. One will deal with existing debts and the other with new debts.

Existing debts which incur high costs and risks due to foreign exchange, will be repaid before due time through different measures including: refinancing, currency swapping and repaying from foreign currency reserves.

Mr Tharin also said that management of new debts will be within the foreign debt ceiling of US$3,200 [as published], approved by Cabinet in fiscal 1995. Most of the borrowing will fund indispensable projects needed for the country's economy or human resource development. Such foreign currency debts will be distributed in line with Thai baht incomes.

Outstanding foreign debt now stands at 391,863 million baht, including direct borrowing and guarantees of foreign debts committed to by state enterprises.

Compared with the gross domestic product (GDP), outstanding debt in foreign currency has dropped dramatically. In 1987, the ratio of foreign debts against GDP stood at 16.8 percent, but by the end of fiscal 1994 the figure dropped to only 11.2 percent.

Government To Lodge Protest With Cambodia

BK0912032894 Bangkok BANGKOK POST in English 9 Dec 94 p 8

[FBIS Transcribed Text] The Burapha Task Force is preparing information for the Foreign Ministry to lodge a protest with the Cambodian government concerning the robbery on Wednesday in which two Thai policemen were killed.

Burapha Task Force Deputy Commander Col Prawit Wongsuwan said in the Thai border province of Sa Kaeo yesterday the capture of a wounded Cambodian man near the scene of the shooting showed Cambodian government soldiers were engaged in banditry in the area.

Cambodian authorities will have to take full responsibility for the deaths of the two officers and damage to property if investigations prove Cambodian government soldiers were behind the incident, he said.

The Burapha Task Force beefed up its presence along Siphen, a strategic road along the Cambodian border, yesterday with armoured personnel carriers patrol units.

Sa Kaeo's provincial police chief Somrit Yangprida said last night the captured Cambodian had admitted to being one of 15 Cambodian soldiers who robbed restaurant staff and customers in the province.

The man, who identified himself as Lt That Chhun—not Hoeun Sa as previously reported—said he was attached to the Cambodian army's 12th division, said Pol Col [Police Colonel] Somrit.

That Chhun said he had been persuaded to engage in the action by a Cambodian soldier based in Poipet who he identified as Hung Sitha.

Pol Col Somrit said That Chhun claimed the initial idea was for the band to steal motorcycles in the border area. That Chhun cited his meagre salary of 450 baht a month as the reason for engaging in the robbery, he said.

Witnesses said 15 armed men in uniform took about 500,000 baht worth of cash and valuables from 20 customers and staff at the restaurant in Sa Kaeo.

All but That Chhun are believed to have fled back into Cambodia with a Thai accomplice, said a Thai border official.

In Bangkok, Deputy Foreign Minister Surin Phitsuwan said Thailand might have to close some border checkpoints if banditry continues.

"If there is no other measure to solve the problem, we might close some border checkpoints even though this will affect local residents," he said.

Mr Surin called on the Cambodian government to exercise better control over its soldiers.

"We are unsure and concerned about the large quantity of arms still being sent to Cambodia. We would like the Cambodian government to keep its people under control."

Incidents along the border affect the confidence of residents in the area, he said.

"The Thai government has raised this issue with the Cambodian government many times but there has been no improvement."

Thailand is waiting for an explanation and details of this latest incident, he said stressing the need for frank talks.

Mr Surin quoted Foreign Minister Thaksin Chinnawat as saying coordination was needed with Cambodia's military and Interior Ministry authorities to ensure there is not a recurrence of these incidents.

The deputy minister also quoted the Cambodian government as saying the massacre of 17 Thai timber workers in northern Cambodia late last month was the work of "Khmer rebels".

In a separate interview, Foreign Minister Thaksin said three people who were reported to have survived and were earlier reported to be among the six missing from the November 21 incident had now been identified as Laotians, not Thais.

Further on Passage of WTO, Customs Tariff Bills

BK0912090894 Bangkok BANGKOK POST in English 9 Dec 94 p 21

[FBIS Transcribed Text] The House of Representatives passed two significant laws Wednesday to ensure that Thailand would benefit from the new World Trade Organisation [WTO].

The lower house first passed the bill to ratify the WTO, which will succeed the General Agreement on Tariffs and Trade on January 1 and then passed amendment to the Customs Tariff Act 1987. The two bills need final endorsement from the Senate.

Commerce Minister Uthai Phimchaichon said the WTO ratification bill was very significant since the WTO would have a major decision making role in all global trade matters.

If Thailand did not ratify the WTO, it would be at a severe disadvantage in future trade disputes, he said.

Nine committees will be formed to implement the agreement under the General Agreement on Tariff and Trade.

Mr Uthai said that under Article 4 of the bill, WTO officials coming to work in the country would be protected and the WTO would be a juristic body with Thailand as its country of origin. The Ministers of Foreign Affairs and of Commerce will be the enforcers of this bill, he said.

The amendments to the Customs Tariff Act 1987, meanwhile, are necessary to enable Thailand to implement agreements under the GATT, Finance Minister Tharin Nimmanhemin said.

At present, the act empowers the finance minister to reduce or exempt customs duties. Under the GATT, member countries can increase duties, but must ban the collection of surcharges or the use of non-tariff trade barriers.

Vietnam

Attack on Fishermen in Cambodia Protested

BK0912090594 Hanoi VNA in English 0742 GMT 9 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec. 9—An unidentified group of three Khmers in plain clothes on Wednesday used AK-47 automatic rifles and shot dead two Vietnamese fishermen and wounded two others residing in Prek Ampil commune, Khsach Kandal district, Kandal Province, Cambodia.

This is quoted by the Vietnam Embassy in Cambodia from a report by the Vietnamese Resident Association of Mean Chhey District, Phnom Penh.

The Vietnamese Embassy in a note dated Dec 8 to the Ministry of Foreign Affairs and International Cooperation and the Ministry of the Interior of Cambodia, strongly condemned the killing, and requested the competent authorities of the Royal Kingdom of Cambodia to take strong and effective measures to bring the culprits to face justice and prevent the recurrence of such case.

Commentary Condemns Killings by Khmer Rouge

BK0912115994 Hanoi Voice of Vietnam in English 1000 GMT 9 Dec 94

[Station commentary]

[FBIS Transcribed Text] Another two Vietnamese nationals in Cambodian Kankal District, about 15 kilometers from the capital of Phnom Penh, were killed and two other wounded at 0800 on 7 December. The Subcommittee of the Vietnamese Residents Association in Meanchey District of Phnom Penh capital reported that the victims were fishermen. Voice of Vietnam has this to say:

It's not the first time foreign residents, especially Vietnamese nationals, living in Cambodia have been massacred. The Khmer Rouge, since 1970's when they were in power, have massacred and chased away foreign residents, including Vietnamese nationals, who've been living for generations in Cambodia and who have contributed to the national defense and construction of Cambodia.

Recently, making use Cambodia's immigration law, the Khmer Rouge have again massacred and chased tens of thousands of Vietnamese nationals out of the country, and at the same time, resorted to various means to cover up their moves against the implementation of the Paris Agreement on Cambodia. Immediately after the approval of the Immigration Law by the Cambodian Parliament in August 1994, the Khmer Rouge conducted a series of terrorist acts and massacres against foreign residents, including the massacre of three Western hostages from Australia, France, and Britain and the murder of 15 Thai workers at a wood-processing workshop in Battambang. The Khmer Rouge have openly applied racial discrimination against Vietnamese nationals.

On 20 October this year, the Khmer Rouge killed seven Vietnamese residents and wounded seven others lying on boats on Tonle Sap River of Kompong Chhnang Commune, Rolea P'ier District of the Kompong Chhnang Province. The victims included three children aged six months and four years.

On 7 December, three Khmer Rouge agents in civilian uniforms killed Mr. Nguyen Van Dao, 33 years old, Tran Van Kien, 27 and wounded Mr. Nguyen Van Anh, 34 years and Tran Van Sanh, 32 years old in Prek Ampil Commune, Kandal Province, about 15 kilometers away from Phnom Penh.

The Vietnamese Embassy in Phnom Penh, the following day, sent a note to the Cambodian Foreign Ministry and the Interior Ministry, strongly condemning the massacre against Vietnamese nationals and demanded Cambodian authorities take appropriate measures to stop the crime and that the criminals be brought to court. Not only Vietnam but other countries with citizens who have been killed in Cambodia have raised the same demand for appropriate measures to protect foreign residents living in Cambodia.

Vo Van Kiet, Provincial Leaders Plan for 1995

BK0912053894 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 8 Dec 94

[FBIS Translated Text] Prime Minister Vo Van Kiet held a meeting in Dong Nai Province on 8 December with Dong Nai, Tay Ninh, Song Be, and Ba Ria-Vung Tau provincial officials to discuss their budget and socioeconomic development plans for 1995.

At the meeting, the provincial leaders discussed the course of socioeconomic development for the Eastern Nam Bo Region for 1995 as follows:

—In 1995, these provinces will pursue an above-average pace in development. Their gross production value must increase between 12 and 15 percent over 1994 with their gross industrial output value rising between 16 and 18 percent. Agriculturally, the gross volume of grain production must remain the same at 2 million metric tons annually. It is vital to increase the industrial crop area, trying to increase the rubber plantation area to 180,000 hectares, the cashew growing area to 55,000 hectares, and the cotton growing area to 80,000 hectares.

Vo Van Kiet directed various provinces in the Eastern Nam Bo Region to jointly effect positive change in their economic structures and zone off their tourism areas based on transportation and population-related factors in order to attract various sources of investment.

The prime minister also said: In the forthcoming period, the state will draw up regulations for centralized industrial complexes. These regulations will replace (?other regulations) so as to create conditions for the Eastern Nam Bo Region to achieve steady economic, cultural, and social growth.

Afterward, Vo Van Kiet also held a working session in Ho Chi Minh City on 2, 3, and 7 December with the leaders of the city party committee, the people's committee, the people's council, and a number of municipal branches and sectors over the socioeconomic situation in 1994 and the plan for 1995.

After hearing the views of the city leadership and of various ministries and sectors [as heard], Vo Van Kiet praised those efforts and achievements by the cadres and people of Ho Chi Minh City in 1994 and prior years. He urged various ministries and sectors at the central level to help the city plan to revive great potentials in capital, manpower, and other areas if we are to achieve new, faster and steady development in 1995 and the ensuring years.

By early January 1995, the prime minister will work further with the city and with various ministries and sectors at the central level in order to unify views on a 1995 plan for the city.

Vo Van Kiet Meets Ho Chi Minh City Officials

BK0912091194 Hanoi VNA in English 0642 GMT 9 Dec 94

[FBIS Transcribed Text] Hanoi VNA December 9—Prime Minister Vo Van Kiet had working sessions on the 2nd, the 3rd and the 7th of December in Ho Chi Minh City with senior officials of the party committee, the people's council, the people's committee and relevant agencies of the city to review the city's socio-economic situation in 1994 and discuss plans for 1995.

The prime minister praised officials and people in the southern city for their efforts and achievements recorded in 1994. He instructed the city authorities to cooperate with relevant central agencies to build an appropriate plan for next year aimed at taking advantages of the city's sources of fund and labour to make a fast and steady development in 1995 and the coming years.

Preliminary estimates reveal the increases of 14.6 per cent in gross domestic product, 24.4 per cent in investment capital, 22.2 per cent in export value and foreign currency turnover and 61.3 per cent in tax and duties collection, compated with 1993.

Australia

Prime Minister Comments on Defense Needs

BK0812083494 Melbourne Radio Australia in English 0700 GMT 8 Dec 94

[FBIS Transcribed Text] Australia's prime minister, Paul Keating, says the recent report on the country's defense needs, known as the Defense White Paper, reflects the underlying strategic uncertainty of the Asia Pacific region. The prime minister was speaking in parliament during debate on the defense policy statement which was presented last week. Mr. Keating says Australia faces a period of less obvious threat than the Cold War years but of less certainty as well.

[Begin Keating recording] At the core of Australia's defense policy [words indistinct] by which we remain a capability to defend ourselves against any primitive attack on Australia without relying on the combat forces of other countries. The White Paper defense equipment decisions are all directed toward strengthening ourselves to allow a capability. Those decisions include the purchase of airborne early warning and control aircraft, the replacement of (Machii) leading fighters, new transport aircraft, helicopters for the Ansett frigates, mine hunters, and improved command and control telecommunications and intelligence network. [end recording]

Bougainville Government Seeks New Peace Talks

BK0812084994 Melbourne Radio Australia in English 0500 GMT 8 Dec 94

[FBIS Transcribed Text] The Bougainville Interim Government is calling for fresh peace talks with the Government of Papua New Guinea [PNG]. Mark Robinson reports the call was made by a spokesman of the island's self-proclaimed interim government outside the Sydney Hotel where PNG Prime Minister Sir Julius Chan addressed the business luncheon.

[Begin Robinson recording] Hopes for into the five-year war between Bougainville rebels and PNG were dashed in October when planned peace talks collapsed. Bougainville interim government's spokesman, Moses Havini, says while Sir Julius Chan has used a rhetoric of peace he still believes in a military solution to the crisis. Mr. Havini says Bougainvillians' suspicion of Sir Chan's motive led to the breakdown of talks. That despite the recent rift, Mr. Havini says another genuine attempt on reconciliation would be welcome. [end recording]

Minister Downplays Prospects of AFTA, CER Link

BK0912102094 Melbourne Radio Australia in English 0630 GMT 9 Dec 94

[From the "International Report" program]

[FBIS Transcribed Text] Australian Trade Minister Bob McMullan has played down the prospects of any future links between AFTA, the ASEAN Free Trade Area, and CER, Australia's Closer Economic Relations with New Zealand. Camille Funnell reports Senator McMullan's move comes a year after the idea of a formal link between the two trade zones was first promoted.

[Begin recording] [Funnell] It was one year ago at the first Australian National Trade and Investment Outlook Conference where Thailand raised the idea of a link between CER and the ASEAN Free Trade Area. Since that time Canberra has often talked of the idea and as Senator McMullan says officials are due to meet early next year for talks on harmonizing customs and standards:

[McMullan] Broadly, between AFTA and CER, there are some other things that we think we can perhaps advance more quickly at that level in the early stages. Some of the customs and standards and other agreements that we are talking about in APEC [Asia-Pacific Economic Cooperation], which will take longer for 18 countries to agree to it, we think eight might be able to agree to it more quickly and perhaps set the tone for APEC as a whole. But, our continuing statement to our friends in ASEAN is, we will do linkages as far and as fast as they will agree to, but we are not pushing them.

[Funnell] But speaking at a media conference at this year's National Trade and Investment Conference, Senator McMullan discussed the prospect of a formal link between the two trade zones:

[McMullan] We have responded positively; that is not something about which we are forcing the pace. But I think interesting possibilities will start to emerge over the next 12 months. If you mean, are we going to put the two free trade agreements together, well, if APEC goes as we hope it is there will be no need to do that, but it is, I'd say, quite [word indistinct] to come on the agenda; that will take quite a while. That's a very difficult question, and AFTA itself is going to be developing under a fairly long lead time, as you would expect. But there is room for smaller interim progress over the next 12 months to two years but, it is not the number one priority. It's much less important to us than APEC, and much less important to the... [pauses] as the CER is much less important to the ASEAN countries than APEC, and logically. So it's a sort of subset. But it is something that will keep progressing in a friendly way, but let's say it's not a... [pauses] We haven't got our foot to the floor on it. We're not even really driving it.

[Funnell] Canberra is, though, looking at closer links between the north of Australia and the east ASEAN growth area. Senator McMullan says the concept of closer trade and transportation links was discussed at the conference with the delegation from the Philippines as well as representatives from Indonesia's private sector. Australia's Northern Territory Government is also talking of joint tourism packages. The idea is to have tourists visit sites of interest in each country in the region. [end recording]

New Zealand

Government Records Large Operating Surplus

BK0912021094 Hong Kong AFP in English 0206 GMT 9 Dec 94

[FBIS Transcribed Text] Wellington, Dec 9 (AFP)—The government recorded an operating surplus of 942 million NZ dollars (593 million US dollars) in the first four months of the financial year, to October 31, compared with a forecast 246 million dollars deficit, the Treasury said Friday. It said revenue and expenses were "tracking somewhat better than forecast."

However, part of the reason for this trend was that strong economic growth had led to revenue accruing to the government earlier than expected this financial year, while the full effect of upward expense pressures would not be felt until the final quarter of the year.

"In other words, the effects of revenue gains accruing from stronger-than-anticipated economic growth are being front-loaded in the financial year, whilst additional expenses will be back-loaded," the Treasury said.

"In particular, growth in tax revenue is proving to be stronger than expected in the budget, and this growth rate is likely to be significantly greater than forecast for the year as a whole. However, the excess over forecast during the four-month period overstates the actual underlying growth in tax revenue. Because there is no historical time series data for accrual tax revenue, it is difficult to predict the track of tax revenue across the year."

Vanuatu

Parliament Approves $49 Million 1995 Budget

BK0912064994 Hong Kong AFP in English 0609 GMT 9 Dec 94

[FBIS Transcribed Text] Port Vila, Dec 9 (AFP)—Vanuatu's parliament Friday approved an annual budget of 5.9 billion vatu (49 million US dollars) for the island state in 1995. The budget was up from 1994's 5.5 billion vatu (45 million US dollars). Main spending items for 1995 were education, prime ministerial offices and departments, and health.

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